THE GLOBAL PERSPECTIVE

REFLECTIONS ON IMPERIALISM AND RESISTANCE

TORKIL LAUESEN

PREFACE BY ZAK COPE

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By Torkil Lauesen.

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Preface

Important scientific and scholarly interpretations of imperialism have in the last thirty years reshaped the paradigms through which we analyse and understand human history. However, while postcolonial studies has from the 1970s described the perseverance of forms of cultural domination, a crucial marker of imperialist influence, critical geopolitical and economic analysis is absent in much of the research. At the same time, whereas colonialism has largely been abandoned (though not completely, as the examples of Afghanistan, Iraq, and Palestine show), free-market globalisation has stimulated a new era of neocolonial imperialism, reinforcing inequality both within and between countries. This resurgent imperialism has provided a spur to the further investigation of all facets of the phenomenon.

In recent years, as European and North American society has shifted further to the right, there has been a dramatic surge in pro-Imperial discourse. Many British writers, for instance, have built their careers on declaiming the glory of Empire, the march of progress, and the triumph of Western civilisation. In the 1990s, US political scientist and Vietnam War hawk Samuel Huntington famously decried the inherent barbarism of all non-Western cultures in his *The Clash of Civilizations* . He found an eager popular and academic audience in the context of the so-called War on Terror (during which the United States, the United Kingdom, and its closest European allies have wantonly and shamelessly slaughtered and starved millions of civilians) and the discourse of “humanitarian interventionism.”

The bigotry and hypocrisy of such “conservative” propagandists for unearned wealth and unvarnished power are apparent to all who possess even a modicum of critical awareness, whether inside or outside the academy. Yet intellectual dishonesty and complicity with the crimes of the great powers is not the sole preserve of the political right, though it is more obviously apparent there. Unfortunately, national chauvinism is promoted in the Global North by both the right *and* its ostensible liberal, socialist, and communist foes. Unquestionably, the class interests of the most affluent and bourgeois fractions of the international workforce are reflected in the analyses and propaganda of the European and North American left, for which imperialism is too often understood either as a historical or cultural

anachronism, or as benefiting only big capitalists or a narrow upper stratum of workers in certain specialised sectors of the economy.

As this work by Torkil Lauesen reveals, however, under capitalism the advantages enjoyed by European, North American, and Japanese workers relative to the proletariat proper (exploited wage-earners in industry and agriculture) are paid for only by means of imperialism and can, therefore, only be maintained or extended through imperialism. Ultimately, this ensures that the pursuit of short-term economic advancement by what is thus constituted as a mass labour aristocracy must entail open or tacit compromise with capital. As such, those within the upper echelons of the global working class who seek to determine their future free of capitalist diktat must necessarily advocate the abolition of global wage scaling, even in the certain knowledge that this will mean a lengthy and considerable reduction in their own and their compatriots' purchasing power.

The present work examines how imperialism has impacted societies in the Third World or Global South, that is, the former colonies of Asia, Africa, Latin America, and the Caribbean, as well as how it has shaped social relations and popular perceptions in the First World or Global North countries of Europe, North America, and Japan. It describes imperialism's evolving means of international wealth transfer and reveals how returns derived from unequal exchange, accumulation by dispossession, and capital export (none of which can treated in isolation from the other) have come to form the very taproot of the global profit system.

Today, the nations of the Third World face imperialist invasion, occupation, proxy war, embargo, extortion, starvation, assassination, genocide, fascist repression, corporate plunder, and grinding superexploitation. The contrast with the consumption, leisure time, and social peace that imperialism has afforded the nations of the First World could not be clearer. In spite of this, we have reached the point where authors such as Torkil Lauesen are forced to not only explain but to plainly state the obvious, even (and especially) to alleged Marxists. In these bleak times, it is often hard to discern how we can possibly work towards a better future. On an intellectual level at least, we can only begin to do so if we adopt the perspective of the world majority struggling for a better life.

In the present volume, the author places imperialism at the centre of his rigorous class analysis and, at the same time, positions class analysis at the centre of his understanding of imperialism. It is a work profoundly

informed by a decades-long and unwavering commitment to labour internationalism. The author himself does not merely pay lip-service to this ideal as do most socialists in the West today, but tacitly affirms in every sentence that it is impossible to properly understand imperialism without sympathy for and solidarity with the struggles waged against it. This book deserves to have a very wide readership and a profound influence.

Dr. Zak Cope,

Belfast, Ireland

12 February, 2018

“If the parasite state theory was accepted in our part of the world, it would be false.”

Joke inside Communist Working Circle, 1975

introduction:

Why this book?

A Child of the Cold War

I WAS BORN IN 1952. MY MOTHER worked as a nurse, my father as a ferry navigator. I grew up in the Danish social welfare state, at a time when consumer society hit it big. In 1956, we bought a television set, a telephone, and a refrigerator, and in 1959, a Renault 4CV. In 1962, we left our council flat for our very own house. The motto of the governing social democrats was: “Make good times better!”

My first political memory relates to the Cuban missile crisis of 1962. The Soviets wanted to deploy nuclear weapons in Cuba. This was in response to the USA deploying nuclear weapons in Turkey and the CIA’s attempt to invade Cuba at the Bay of Pigs a year earlier. Soviet ships carrying nuclear warheads were spotted on their way to the Caribbean, and the US navy enforced a blockade of the “communist island.” No one knew what was going to happen when the Soviets met the American fleet; a nuclear war between the world’s superpowers seemed possible.

I was only ten years old but I understood the gravity of the situation. Earlier that year, the Danish government had distributed manuals to all households, titled “If the War Comes.” They included pictures teaching you to crawl underneath a table if you saw a blast. Then, you were instructed, you should head for the basement where water and food were stored. On our new TV set, I had seen images of the mushroom cloud, and I was familiar with the sirens that were tested every Wednesday in our neighborhood. Numerous people did indeed store water and food in their basements, but all I could think of was: “Once we have eaten all the food—then what?”

The Cuban missile crisis ended. The nuclear war hadn’t come. Instead, our generation embraced Elvis, the Beatles, the Rolling Stones, and long hair. For some, myself included, politics became very important. The first political organization I joined was *Aldrig Mere Krig* , “War, Never Again.” I became a conscientious objector.

The war in Vietnam soon consumed my attention, not least because it was reported about on TV every day. Those images would have an

enormous impact on the anti-imperialists of my generation. The war waged by the US in Vietnam was one of the most brutal in modern history. The bombing raids by B-52 planes—conducted nonstop from Operation Rolling Thunder in 1965 to the truce of 1973—were unprecedented. Measured in tons, the number of bombs dropped over North Vietnam (which is roughly equal in size to Texas) was three times higher than that of all bombs dropped during World War II over Europe, Asia, and Africa combined. Seven million tons of explosives, with a force equivalent to four hundred Hiroshima bombs, devastated the country. [1] Chemical weapons were used and civilians terrorized. More than eighty thousand alleged Viet Cong supporters were killed in anti-insurgency operations such as Operation Phoenix. All in all, over 1.5 million Vietnamese lost their lives during the war. [2] The American government was widely accused of genocide; a verdict confirmed by the Stockholm Russell Tribunal under the chairmanship of Jean-Paul Sartre in 1967. According to international law, President Richard Nixon and Secretary of State Henry Kissinger should have been tried as war criminals.

In 1969, I bought my first political book. Fittingly, it was *War Crimes in Vietnam* by the philosopher and Nobel laureate Bertrand Russell. I reread it before writing this introduction and found the following passage underlined: “To some, the expression ‘US imperialism’ appears as a cliché because it is not part of their own experience. We in the West are the beneficiaries of imperialism. The spoils of exploitation are the means of our corruption.” [3] These words, which obviously made an impression on me at the time, conveyed a sentiment that would become a central feature of my political biography.

My political itinerary started with emotion; for example, the outrage at US napalm bombs and the hope of justice for the people of Vietnam. It probably also started with a guilty conscience, since I lived such a comfortable life while people in the Third World did not. I still live a very comfortable life. I am writing this text on one of the two computers we own. We live in a spacious two-bedroom apartment. We have an iPad, two mobile phones, and a flat screen TV. The apartment is equipped with all of the modern bathroom and kitchen facilities your heart desires. When I go on vacation, I fly to countries whose people cannot afford vacations. There, I enjoy their climate, culture, and food. My salary allows me to buy anything I need and much I don’t need.

The fact that living conditions around the world are so different has been the driving force of my political activism. For years, I've been pondering the following questions: Why does this difference exist? In what historical context did it develop? What are the economic and political mechanisms that keep it in place? And why is it so bloody difficult to change all of this?

I went to boarding school in the small Danish town of Holbæk. There, I experienced the uprising of 1968. Its impact was so strong that it even engulfed the Danish countryside. We challenged the authorities at our school, edited a critical student newspaper, and organized meetings on the war in Vietnam. I belonged to a study circle that discussed political theory in order to understand the injustices of the world and find ways to fight against them.

In 1968, one of my peers introduced me to the *Kommunistisk Arbejdskreds* (KAK), the "Communist Working Circle." It was a life-altering moment. KAK's theoretical foundation, the "parasite state theory," corresponded to my everyday experiences. It explained that there was a direct connection between the wealth in our part of the world and the poverty elsewhere. The connection was imperialism. The parasite state theory also explained why the working classes in our part of the world were not interested in revolution but only in changes to the ruling system that would grant them a bigger share of imperialist plunder.

Once I discovered KAK, my individual, uncoordinated, and emotional political approach gave way to an organized and strategic one. I first became a KAK sympathizer and later a very dedicated member. I went on study trips to the Third World and gathered resources to support Third World liberation movements, legally as well as illegally. My travels to Middle Eastern and African countries and the collaboration with Third World revolutionaries strengthened the emotions that got me interested in politics in the first place—my wish for justice and my outrage at imperialist oppression—but they also sparked a feeling of personal responsibility: Third World liberation movements were no longer abstract political entities but now consisted of real-life people and comrades who I felt obliged to. We, the members of KAK, wanted to be a little wheel in a big machine fighting for a different world order. Our emotions, experiences, and actions led to constant questioning of ourselves and our politics. We had to remain

motivated and engaged in this fight—and, if possible, we had to motivate others to do the same.

Theory was very important to us. Our practice was always informed by theoretical, strategic, and tactical reflections. This also applied to our collaboration with Third World liberation movements. We would discuss politics first; only after would we decide on any action plan. Emotion, theory, organization, practice, everything was connected: emotions were the driving force, theory provided guidance, organization brought structure, and practice gave concrete results. In my case, forty years of political activism have been defined by this framework. This book is a summary of my experiences.

The Parasite State Theory

I already mentioned how important outrage at the US war in Vietnam was for my politicization. Equally important, however, was the inspiration provided by the struggle of the Vietnamese people. The war proved that a human element—the country's people and their resistance, a *people's war* —was able to defeat the world's greatest superpower.

In Denmark, the solidarity movement with Vietnam was led by students and youth. The working class and its organizations were largely absent. The concerns of the Danish working class were very different from those of Third World workers. Danish workers demanded longer vacations, a higher pension, and a raise of US$1 per hour—Third World workers were starving, did not have a single day off, and were lucky to earn US$1 per day.

Most people on the left understand that the concerns of workers in the Third World are different from those in countries such as Denmark. They also understand that this difference inevitably causes anger, unrest, and demands for a new world order. Yet, in our part of the world, many find it difficult to apply this understanding to their politics. They are hesitant to openly declare that the working class in a country such as Denmark benefits from the international division of labor and has no real interest in changing the current world order, at least not fundamentally. This is confirmed by the lack of international solidarity from the working classes of imperialist countries. A famous quote attributed to US writer Upton Sinclair sums up

the problem succinctly: “It is difficult to get a man to understand something, when his salary depends on his not understanding it.” [4]

KAK’s parasite state theory was based on such heretical insights. But it was not only the logic in KAK’s theory that appealed to me; it was also the practical conclusions drawn by its members as well as their commitment and integrity. Solidarity did not just consist of words but of action. It was “something you could hold in your hand,” as we used to say. In KAK, there was a strong correlation between what was being said and what was being done.

The parasite state theory was formulated and developed by KAK’s leader, Gotfred Appel. He laid out the theory in a series of articles that appeared in the organization’s journal *Kommunistisk Orientering* from 1966 until the organization split into various groups in 1978. [5] Out of these groups, only *Manifest-Kommunistisk Arbejdsgruppe* (M-KA) survived more than two years. It was named after the journal it edited and included those most centrally involved in KAK’s illegal practice, the so-called Blekingegade Group. [6]

One of the reasons for KAK’s demise was the Leninist dogmatism that had characterized the organization. Among other things, this had prevented theoretical development. M-KA now offered this possibility. We updated the parasite state theory’s economic foundation by adding Arghiri Emmanuel’s work on *unequal exchange* , which stressed the importance of trade between high-wage and low-wage countries in the exploitation of the proletarians of Asia, Africa, and Latin America. We also studied Immanuel Wallerstein’s world-systems theory, which traced capitalism’s history and political development from the Middle Ages to modern times. One of its central themes was the divide between a dominant *center* or *core* and an exploited *periphery* .

In 1983, M-KA published the book *Imperialismen i dag: Det ulige bytte og mulighederne for socialisme i en delt verden* (“Imperialism Today: Unequal Exchange and the Possibilities for Socialism in a Divided World”) —an English edition, titled *Unequal Exchange and the Prospects of Socialism* , was published three years later. [7] The book contained the first proper summary of the parasite state theory, outlining its economic underpinnings, its consequences for class politics, and its implications for an anti-imperialist practice in the imperialist core countries.

M-KA dissolved in April 1989, after several of its members were arrested as alleged members of the so-called Blekingegade Group. Six comrades and myself were found guilty of various robberies and other criminal acts. [8]

During the years I spent in prison, I focused on globalization and neoliberalism in my reading and writing. Outside the walls surrounding me, the world underwent significant changes. The Soviet Union and state socialism in Eastern Europe collapsed. The successor countries were absorbed by the capitalist world market. Anti-imperialist struggles in the Third World declined significantly, and the liberation movements that had gained power abandoned their socialist principles. At the same time, the world system itself remained unchanged. The world was still divided into rich and poor countries, with no sign that this would change anytime soon. The waning socialist perspective of the Third World liberation struggles and the collapse of the Soviet Union required a new orientation for the left. How could a socialist economy be established? How could socialists come to power? What strategies and practices were needed?

After being released from prison in 1996, I was active in what was known as the anti-globalization movement, inspired by the Zapatista uprising in Chiapas, Mexico, and by the resistance against the World Trade Organization (WTO). I attended the first international encounter organized by the Zapatistas in 1996 and various World Social Forum meetings.

Neoliberal globalization required that certain aspects of the parasite state theory be updated. It introduced new transnational forms of production and a new global division of labor. The parasite state theory still stands on solid ground, however, and I’m not the only one who holds that opinion. Another new development of recent decades, the Internet, has made me aware of the many groups and individuals studying imperialist forms of exchange and their political consequences. It has been encouraging to see that I do not represent an endangered species but belong to an active network of people trying to understand the economic system ruling over our lives and to develop strategies for change. A global perspective is mandatory in these efforts. The strength of Marxism lies in its analysis of concrete situations, but today’s concrete situations are not confined to single countries or a single class. Capitalism is a global system and each and every country and class is a part of it. We must not be the frog of Mao’s famous anecdote, quipping: “The sky is no bigger than the mouth of the well.” [9]

The sky *is* bigger than what we can see from where we stand. We cannot understand life in our part of the world if we don't look at the world's other parts.

Academia and Politics

I hope that this book expresses the combination of emotion, theory, organization, and practice that has defined my political activism. That was my goal in writing it. The text you have in front of you is not an academic text, neither in the way it is structured nor in its intentions. At the same time, I have used numerous academic sources in writing it and have done the best I can to reference them. Strictly speaking, this is not a political text either. It has not been issued by an organization but solely expresses the opinions of an individual. It is a personal text, presenting an understanding of imperialism based on my own experiences as a Marxist militant. However, it *is* a political text in the sense that I want to explain my positions, argue for them, and mobilize people to take action.

If I look at all the contributions to theories of imperialism that I have read over the years, comparing academic studies to accounts of people involved in struggles on the ground, there is a significant difference. For most academics, practical experiences provide material that they then analyze and evaluate. Academics want to understand and explain the world. Rarely do they have anything to say about what ought to be done, not least because they don't want to be associated with particular ideologies, organizations, or tactics, fearing that this would disqualify them as scholars. Practice is not their terrain and they politely leave it to others. For militants, however, theory is first and foremost a tool. It is supposed to help them struggle in the most effective way. We can see this approach in the works of Lenin, Mao, and several high-profile figures of the post-World War II liberation movements, such as Che Guevara and Amílcar Cabral.

The relationship between theory and practice must be dialectical. A theory that does not inspire practice is not a good theory. We can talk for hours about politics and present fine analyses, but if, at the end of the day, we have no answer to the question of what ought to be done, the critical part is missing. [10] At the same time, there is no good practice without good theory. How shall we develop effective forms of struggle if we lack an understanding of the political, economic, and social realities we are up

against? Under such circumstances, how are we to develop viable visions and strategies?

In the 1960s and 70s, world-systems theory (Immanuel Wallerstein) and dependency theory (Samir Amin, Arghiri Emmanuel, and Andre Gunder Frank) were at the forefront of analyzing the global economic and political system. Their work represented the biggest innovations in imperialism theory since the 1920s. Also of great importance was the work done by theorists around the journal *Monthly Review* , scholars such as Harry Magdoff, Paul A. Baran, and Paul M. Sweezy. Numerous communist organizations were founded in the imperialist world, and liberation struggles swept the colonies. Unfortunately, the academic studies and the struggles on the ground were largely separate and rarely informed one another. The Communist Party of China (CPC), for example, did not make significant contributions to imperialism theory, while many liberation movement leaders had a limited understanding of political economy (the above-mentioned Che Guevara and Amílcar Cabral being two of the most notable exceptions). I am aware that Marx's famous eleventh thesis on Feuerbach has been quoted countless times, but I also believe that it cannot be repeated often enough: "The philosophers have only interpreted the world in various ways; the point is to change it." [11]

I am tackling big topics in this book: the history of imperialism, the global economy, political systems, and strategies for resistance. It is impossible to investigate all of this in a manner that will satisfy academics. Furthermore, I mix political reflection with personal anecdote and use theoretical concepts without any commitment to a particular ideology. In other words, I am not faithful to any particular political line. I have had bad experiences with dogmatism. KAK's strict Leninism got in the way of theoretical innovation, and our hostility toward suspected deviants of all kinds prevented productive intellectual exchange. There are aspects of the political culture of the 1970s that I do not miss.

Methodological and Philosophical Reflections

If a critical academic had to put a label on the method I am using in this book, it would probably be "eclecticism." I make use of numerous ideas, even some that might seem incompatible. But they are all connected by the

convictions this book is built upon. These convictions constitute a red thread running through its pages.

Theoretical studies were important for KAK. They went beyond politics and economics. We also studied methodology and philosophy. In 1975, we had a study circle on dialectical materialism that I found particularly rewarding. It is exhilarating to feel that you've figured out how the world works. The philosophical studies we engaged in were supposed to provide us with important background for our political and economic readings and our travels. The ultimate goal, however, was always to develop an effective practice.

There is an important distinction between the world *as such* , and our interpretation of it, the world *for us* . There is a world out there that exists whether we as individuals exist or not. At the same time, we as individuals interpret the world in certain ways. Our respective interpretations do not form hierarchies in the sense of how close they come to the "real world," that is, the world as such. The world for us is not a poor mirror image of the world as such, it simply frames our understanding of reality. Let us think of a pair of glasses: the shape and color of the lenses determines our perception of the world. We focus on certain aspects of it and find them meaningful. Every kind of knowledge is based on interpretation. This does not mean that notions such as "true" and "false" are meaningless. Interpretations can be true or false, depending on the perspective we take.

People might think that seeing the world through a particular pair of glasses results in a tunnel vision. But that is not necessarily the case; not if we are conscious of wearing glasses and willing to scrutinize the interpretations they allow. That way, we avoid the traps of both uncritical universalism and random relativism, and critical discussion remains possible.

My perspective is materialist. This implies, among other things, that I believe the way in which we produce and distribute goods significantly impacts our interpretation of the world. The conditions under which human beings work and live determine to a large degree how they think. Socialization is neither mechanical nor deterministic but dialectical. I believe that we best understand history through historical materialism. Capitalism has existed for five hundred years. It had a beginning and it will have an end, like any other system that has existed in the past ten thousand

years. We have a tendency to forget that. We find it hard to believe that the institutions that control our lives will, one day, be gone.

A materialist understanding of history implies not only an understanding of economics but also of class relations. Class relations force capitalism to change its form constantly. History is an ongoing process that never stops. The world changes; not gradually, but in ruptures. Yet historical materialism is not teleology. [12] There is no *automatic* transition from capitalism to socialism. Social development is complex and unpredictable. We don't know what society will look like in fifty years. Social systems are more or less chaotic. During some periods, they can be relatively stable, and even if revolutionary movements try to throw them off balance, they can hold their own. Yet, they change during this process. When they enter a structural crisis, they become unstable and can no longer hold their own. This is when revolutionary movements take on special significance. This is when a shoeshine boy killing himself in protest can become the butterfly that flaps its wings in one part of the world and causes a storm in another. This is how the complex relationship between social structures shaping people and people shaping social structures must be understood.

If I translate all of this into a succinct description of the reality we live in, it can be summed up like this: The world is divided into rich and poor countries; this division has economic causes and is reflected in class relations and politics.

To the Reader

This book consists of three parts. Part One outlines imperialism's history and relevant analyses up to the year 1989. It is a very particular account, as I will focus on theories that were especially important to KAK and to myself. The year 1989 marks both a general and a personal watershed. As the Berlin Wall came tumbling down, several comrades and I were facing prison terms. M-KA dissolved. My revisiting, in this book, the theories that influenced our activism will be a combination of reflections, anecdotes, and quotations. I hope there will be enough information for the reader to investigate further if so inclined.

There are two main reasons why I deem it important to retrace imperialism's history from its very beginnings in the mid-nineteenth

century. First, it is important to emphasize that the imperialist legacy continues. Second, it is important to revisit the ideological struggles—and the related political experiences—within imperialism theory. This is particularly true for imperialist countries. In imperialist countries, anti-imperialism has never been a central part of the left, as it concerns realities that we do not suffer from. For the left in imperialist countries, anti-imperialism relates to injustices experienced by others and does not reflect struggles on our home turf. None of us is forced to resist imperialist oppression in our everyday lives. Making anti-imperialism a focus of our political work is something we must choose.

In Part Two of the book, I analyze the current state of imperialism. What role does imperialism play in globalized capitalism? What is its impact on global class relations? I will outline the contributions to imperialism theory since 1989, coming from both academics and militants.

In Part Three, I address the political consequences of imperialism theory, both in the Global North and the Global South. What are the political frameworks we operate in? Who are the main political actors? What are viable forms of resistance? In short, I will discuss anti-imperialist practice today. Should we choose a strategy of delinking from neoliberal globalization in order to focus on national development? Should we respond to globalized capitalism with globalized resistance? Are national liberation movements still a factor to consider? Can international trade union organizations be a relevant force? Do our hopes rest solely with social movements? What do anti-imperialist politics in our part of the world look like? By raising questions like these, I hope to spark the discussions we need to have.

To summarize: Part One focuses on political history, Part Two on political economy, and Part Three on political practice. There are also two appendices: one on Marx's theory of value, and one on Foucault's theory of power. Both are essential to understanding my approach, but they are included as appendices to avoid disrupting the book's narrative.

The English edition at hand is a revised and updated version of the Danish original that appeared in 2016. I have omitted parts that relate primarily to Western Europe and added parts that relate primarily to North America in order to make the book more relevant for readers who don't share my own stomping grounds. I would like to thank everyone who has read drafts of this book and provided me with useful comments, particularly

Zak Cope. I would also like to thank Karl Kersplebedeb for his commitment to an English edition and enhancing the final manuscript, and Gabriel Kuhn for an excellent translation and editorial expertise.

PART ONE:

The History of Imperialism, A Personal Perspective

“But, if constructing the future and settling everything for all times are not our affair, it is all the more clear what we have to accomplish at present: I am referring to ruthless criticism of all that exists, ruthless both in the sense of not being afraid of the results it arrives at and in the sense of being just as little afraid of the conflict with the powers that be. … In that case we do not confront the world in a doctrinaire way with a new principle: Here is the truth, kneel down before it! We develop new principles for the world out of the world’s own principles. We do not say to the world: Cease your struggles, they are foolish; we will give you the true slogan of the struggle. We merely show the world what it is really fighting for, and consciousness is something that it has to acquire, even if it does not want to.”

Letter from Marx to Ruge, September 1843

chapter 1.

The Emergence of a Divided World

Colonization and Capitalism

LET US BEGIN WITH THE BREAKTHROUGH of capitalism and colonialism. It structured the world we still live in and established the norms we still live by today. If we need to name a year to indicate the birth of the capitalist world system, then 1492 is as good a choice as any. In 1492, the European powers, as a result of Columbus's search for a sea passage to India, began their military, economic, political, and cultural conquest of the world. In Europe itself, capitalism began to replace feudalism. The histories of colonialism and capitalism are inseparable. Capitalism has always had a global dimension.

Between the years 1000 and 1500, the world was divided into three blocs: China and India were economically and politically most advanced; the Middle East focused on trade and served as a transport hub; and Europe was part of the periphery. The Asiatic mode of production was more varied, more effective, and technologically superior to anything that had been developed in Europe. Asia was home to the most powerful civilizations and the most sophisticated state systems in the world (this remained the case until the eighteenth century). Asia had even seen rudimentary forms of capitalism emerge, for example during China's Song dynasty or in the Arab-Persian Abbasid Caliphate. As trade intensified, the *exchange-value* of commodities became more important than their *use-value* .

In Europe, the Italian city states developed foreign trade and advanced banking and finance systems in the fifteenth century. But it was between London, Paris, and Amsterdam that European capitalism first emerged—and from where it has since expanded to the last corners of the world.

The early expansion of European capitalism was largely based on military power, naval power in particular. The seafaring nations of Spain and Portugal played pivotal roles. If the ruling classes of Europe could not conquer the East politically, they at least wanted to control economic relations. That's why they were looking for new trade routes across the Atlantic—Columbus believed until his death that the Americas belonged to the Asian continent.

With the conquest of the so-called New World, and the plunder of its riches, European capitalism gained momentum. The most important products yielded by the Spanish colonies in Latin America were silver and gold. Europe, eager to expand its trade, yearned after them, and European princes, kings, aristocrats, and clerics were insatiable. A new European bourgeoisie and a growing number of civil servants demanded overseas commodities. Gold and silver were the preferred means of exchange, and their limited availability was an obstacle to the circulation of goods now demanded by many. [13] Enormous amounts of these two precious metals were taken from Latin America, especially from Mexico and Peru. In Spain, they were turned into coins that spread across Europe, satisfying capitalism's need for growth. Gold and silver coins strengthened intra-European trade and made it possible to import goods from Asia. At the time, Europe had no goods to offer that would have been of any interest to Asian traders. [14] As Leo Huberman, co-founder of *Monthly Review* , has written: "The Spanish mint turned out only 45,000 kilograms of silver in the period from 1500 to 1520; but for the fifteen-year period from 1545 to 1560 its production increased six times, to 270,000 kilograms; and the twenty-year period from 1580 to 1600 saw production leap to 340,000 kilograms, almost eight times what it had been in 1520! Did this huge supply of silver which was brought from America to Spain stay in Spain? Not at all. It circulated all over Europe as fast as it poured in." [15]

To paraphrase Andre Gunder Frank: In capitalism's earliest phase, it was not Europe that shaped the world, but the world that shaped Europe. The global hegemony of European capitalism was still a long ways off. [16]

Portuguese and, especially, Spanish colonialism were not based on strong merchant capital, but on enormous royal power. This explains why Portuguese and Spanish colonial rule were characterized by violent conquest and plundering rather than trade. The Portuguese and Spanish simply didn't have much to trade with. The Arab traders who they met along the East Coast of Africa were not interested in doing business with them, they were already engaged in lucrative trade with people from the Arab Gulf, India, and Africa. But what the Portuguese and Spanish couldn't get by way of commodities, they got by way of cannons. The Arab traders had nothing with which to counter those. It was the power of their arms that opened the global market to the Europeans.

The European powers were experienced in warfare; feudalism was characterized by violent conflict, and the art of war and related technologies were well developed. No military power outside of Europe—save, perhaps, the Ottoman Empire—could compete. It was Portuguese artillery that created Portuguese dominance in the Indian Ocean, and it was Spanish armor and swords that crushed the Incas and Mayans in America.

Portugal and Spain's colonizing expeditions in the early sixteenth century were driven by the feudal desire for luxury. Big profits were made by sending off well-armed expeditions that returned with lucrative plunder. Early Portuguese and Spanish colonialism was feudal rather than capitalist. But the interest of other European powers in trading with Africa, India, and soon also America grew rapidly. The Portuguese and Spanish did not profit from this. They had used their gold and silver to buy commodities produced in England, France, Germany, and the Netherlands, boosting manufacturing in those countries but not at home. While Portugal and Spain remained stuck in feudalism, capitalism advanced quickly in other parts of Europe. It is no coincidence that churches and palaces in Portugal and Spain are so opulent. Aristocrats, knights, civil servants, and priests defined one end of society, and beggars the other. As Portugal and Spain became increasingly dependent on the import of consumer goods and foodstuffs and their expenses in the colonies grew, they lost their leading role in the global expansion of European might. A new central force had emerged: Dutch merchant capital.

The ideological expression of this transformation was a religious conflict. Max Weber's theory about capitalism being a consequence of Protestantism is well known, but it is false: rather, Protestantism was a consequence of capitalism. When early capitalism challenged the feudal mode of production, it also challenged its ideological underpinnings. The metaphysics of the Middle Ages were replaced by modern philosophy and science. The ideological expression of feudalism was Catholicism. Therefore, anti-feudal forces had to challenge Catholicism. This gave rise to the Protestant movement. In 1517, Martin Luther nailed his anti-Catholic theses onto the wooden door of a church in Wittenberg, Germany. Only a few years later, Europe was engulfed by violent religious conflict. The Reformation in Germany was the first major ideological attack by the bourgeoisie against the feudal powers. It was easy to find followers among

townspeople, the lower aristocracy, and peasants. They all had reasons to rebel against the Catholic Church.

The first uprising, in 1523, was led by the lower aristocracy, the second, in 1525, by peasants. Both were crushed, but the Protestant movement did not die. When John Calvin became its figurehead, it increased in strength. Calvin's teachings were more political than Luther's. He explicitly supported republicanism and the values he taught corresponded to the ambitions of the bourgeoisie. Entrepreneurism and thriftiness were praised, science was regarded as a source of progress, and the administration of the state and the justice system were to be separated from religion.

The political dimension of Calvinism was particularly pronounced in the Netherlands, where it was embraced by bourgeois merchants. In the Netherlands, Calvinism also had a clear nationalist bent, with the Dutch provinces demanding secession from Spain. The Spaniards tried to crush the rebellion with the help of soldiers and the Inquisition. Entire towns were put under siege and massacred. But the Dutch were able to resist, not least because they received the support of six thousand English soldiers, which, in turn, drew the Pope's ire (he considered Queen Elizabeth to be a "heretic"). Spain tried to attack England, but its armada of 130 ships carrying thirty thousand troops suffered a devastating defeat in the English Channel. The battle marked the end of Spain as the world's major naval power and the emergence of the Netherlands as the driving force of global capitalist expansion. By the mid-seventeenth century, the Netherlands had a trading fleet greater than those of England and France combined.

Slavery

The rise of merchant capitalism did not imply a complete neglect of manufacturing. The institutionalization of slavery confirms this. After the Spanish and Portuguese had taken most of the easily accessible metals in their American colonies, they were forced to dig underground. Indigenous people were forced to work in the mines and fields, but they were difficult to control and many died from hard labor and European diseases such as smallpox. Their cultures were under assault and their numbers dwindled rapidly. The Incas and Aztecs had established advanced centralized societies with irrigation systems and well-organized production and

distribution of foods. Now, there was famine. Eventually, the indigenous population of the territories under Spanish and Portuguese control was brought to the brink of extinction. From about fifty million in 1492 it had fallen to four million by the end of the seventeenth century. [17] In 1519, Mexico's population was estimated to be twenty-five million people; by 1605, there were 1.25 million left. [18] For the colonizers this mainly meant a lack of local labor. They responded by importing African slaves.

At first, the Portuguese captured slaves in attacks along the West African coast. Later, they obtained slaves by trading European goods with powerful locals who delivered the "cargo" directly to the ports. Other European countries followed suit: England, France, the Netherlands, and Denmark all entered the slave trade. Slaving posts were established from Senegal in the north to Angola in the south. Soon, it became necessary to push deeper into the continent to satisfy the growing colonial need for manpower. Europeans instigated conflicts between African societies, trading clothes and, especially, weapons for slaves with either side. What is known today as "tribalism" was a product of European colonialism. While the hunt for gold and silver destroyed the societies of the Americas, the hunt for slaves destroyed those of Africa. This was not only about the loss of life. The manufactured goods that Europeans traded for slaves undermined local craftsmanship and commerce. Entire societies were displaced, fleeing from slave hunters. The human toll was enormous: ten to twelve million African slaves reached American shores. It has been estimated that for each slave sold on American soil, four had been captured in Africa. This means that about thirty million Africans died during the voyage. [19] Millions also died from European diseases and in conflicts instigated by the colonists. Africa's population did not increase between 1450 and 1870.

In the sixteenth and seventeenth centuries, most slaves in the Americas worked in Portuguese and Spanish mines, especially in the silver mines of Brazil. However, by the end of the seventeenth century, the cultivation of exotic crops and plantation agriculture were becoming increasingly important. The English had started to cultivate sugar cane in Barbados around the year 1650. Before that, the only sweetener available in Europe was honey. Sugar was so valuable that it was sold in grams. It took only a few decades, however, for it to become a regular item in European households and one of the most valued colonial goods. In 1643, there were

about five thousand African slaves in Barbados. In 1664, subsistence farming was basically eradicated and eight hundred sugar plantations had been established. Half of the early European colonizers had left and the number of slaves had risen to forty thousand. The situation was the same on almost all of the Caribbean islands. At the height of the slave trade in the late eighteenth century, the ratio between colonists and slaves in the British West Indies was 1:10, in the French West Indies 1:14, and in the Dutch West Indies 1:24. [20] Tobacco, coffee, and cacao were sown and harvested by slaves. These new luxuries required little manufacturing and became the final piece in the triangular trade between Europe, Africa, and America. Ships from Europe brought manufactured goods such as clothes, weapons, ammunition, and alcohol to the shores of Africa, where they were exchanged for slaves, who were then shipped to America and sold to plantation owners who paid in sugar, tobacco, coffee, indigo, cotton, and other goods that were returned to Europe for enormous profits. The number of workers on the plantations and haciendas of the colonies and in their factories and mines was at least equal to the number of proletarians in Europe. [21]

Africa was not yet properly colonized during this period; it was still mainly used as a supplier of labor, and Europeans were mainly present at trading posts along the coast. Colonization gained momentum when, in addition to the trading posts primarily dealing in slaves, Europeans required supply stations for merchant ships traveling to Asia and back. The Dutch Cape Colony, at the southern tip of the continent, was of great importance not only for Dutch but also for English trade—important enough for the English to take possession of it in the early 1800s. More and more European settlers arrived in southern Africa and some manufacturing was established. There were still few Europeans, however, who ventured further into the rest of the continent.

Capturing slaves along the West African coast became increasingly difficult in the late eighteenth century. The brutality of the slave trade had caused such havoc that many of the societies affected by it had simply disappeared. Furthermore, the British were keen on absorbing Africa into their empire as a supplier of raw materials and minerals. As a consequence, the British bourgeoisie outlawed the slave trade in 1806. This did not mean an end to slavery as such, as plantation owners developed schemes to

reproduce the slave population that already existed in the West Indies and the southern colonies of North America. [22]

The emergence of a world market meant a division of the world into a center and a periphery. We have already mentioned the devastating effects that this had for the indigenous people of America and Africa. In Asia, the Dutch took possession of Indonesia, and the British of India. Colonization was fundamentally based on violence and military might. The Europeans met fierce resistance, however, and often had to pay a high price. Increasingly, they resorted to alliances with local leaders who would serve European interests while leaving local cultures and power structures largely intact.

Dutch Merchant Capitalism

The Dutch trading empire was based on the country's historical role as a center of commerce, its highly developed manufacturing, and the absence of stifling feudal structures. In the fourteenth century, Bruges had been the most important trading center in northern Europe. It was Antwerp, however, that was key for early Dutch merchant capital, as it lacked Bruges's restrictive guilds. Visitors to the Antwerp stock exchange were greeted by the words: "Open for traders from all nations!" Antwerp also remained in good standing with Spain, where most of the money came from. Only when Dutch merchant capital expanded across the world did its center of gravity shift from Antwerp to Amsterdam.

Manufacturing developed early in the Netherlands. [23] Textile manufacturing has a rich tradition in Flanders, which experienced a strong economic boom in the seventeenth century. But there were also highly developed paper manufacturers and shipyards which required a high concentration of capital. First and foremost, however, the Netherlands was a trading nation. As in other important trading nations, international trading companies were founded in the late sixteenth century. The Dutch were particularly eager to strengthen their influence in the Caribbean and the Indonesian archipelago. The two most important trading companies were therefore the Dutch West India Company and the Dutch East India Company. The latter developed into one of the most important trading companies to shape the colonial system. Apart from taking possession of important East Asian islands such as the Moluccas, Java, and Sumatra, it

also established control over Ceylon (modern-day Sri Lanka) and Cape Town in southern Africa. The company became known for two things: its brutality and its enormous profits.

Merchant capital united formerly isolated economies and cultures in a world system. The Netherlands, England, and France divided the non-European world between themselves. Each power demanded its own territories to exploit and trade with. Commercial outposts were established to monopolize trading routes. Navy ships, fortified ports, and agreements with local rulers kept merchants from competing nations away. This was not a smooth process. Colonization was characterized by numerous trade wars between the colonial powers themselves.

While trading colonies were characteristic of the colonization of Africa and Asia, colonialism in the Americas was different. The American colonies were settler colonies, where Europeans came and stayed. The economies of these colonies were often based on plantation agriculture and slavery, the sugar industry of the Caribbean being a prime example. Settler colonies were very profitable for European merchants. At the same time, some settler colonies in North America were different: they were not based on plantation agriculture, but on small-scale farming and modest manufacturing. These colonies were of no particular interest to merchant capital, since they didn’t promise any profits. Eventually, they become rivals.

A key aspect of capitalist development during the golden age of Dutch merchant capitalism was the establishment of national financial systems. With the growing importance of the state as a protector of international trade, military expenses—especially for navy fleets—increased significantly. They were covered by both domestic and foreign loans. This, in turn, affected taxation. Private banks and financial systems expanded at the same time, hoping to reap profits. The Bank of Amsterdam became a powerful symbol for the Netherlands’ global economic power.

During the heyday of the Dutch trading nation, merchant capital was capital’s dominant form. Plunder and trade of colonial goods turned money into more money. Merchant capitalism’s distinguishing feature was that production was not the basis of capitalist development. Merchant capital was trading between societies in which the capitalist mode of production had not yet developed. It was by trade that goods became commodities. This is why the laws of value and price formation do not apply to merchant

capitalism. The only law for merchant capitalism was to buy cheap and to sell dear.

But as merchant capital developed, the law of value became ever more relevant. Territories that had formerly only exchanged “natural surplus” were now used as sites of production. Exchange-value had replaced use-value. Karl Marx: “The development of commerce and merchant’s capital gives rise everywhere to the tendency towards production of exchange-values, increases its volume, multiplies it, makes it cosmopolitan, and develops money into world-money. Commerce, therefore, has a more or less dissolving influence everywhere on the producing organisation, which it finds at hand and whose different forms are mainly carried on with a view to use-value.” [24]

The laws of the market now extended to the production of agricultural goods and to manufacturers in Europe, which implied a growing labor market. In merchant capitalism, the formula of accumulation is “money—more money” (M-M'); in productive capitalism, money has been turned into capital, and the formula of accumulation is “capital—production—more capital” (C-P-C').

With its developed manufacturing, colonial possessions, national financial system, modern taxation, advanced banking, private property rights, and a relatively strong separation of church and state, Dutch merchant capitalism prepared the requirements necessary for industrial capitalism to bloom.

But it wasn’t the Dutch who would take this step. The Dutch bourgeoisie never became a proper industrial bourgeoisie. The Netherlands remained under the control of a strong merchant oligarchy, which prevented the centralization of state power. The merchants guarded the independence of their trading towns jealously. A decentralized state served merchant capitalism well, but it was an obstacle to the development of industrial capitalism, or, of “capitalism proper.”

Dutch merchant capitalism declined by the end of the seventeenth century. It had reached its historical limits. Although there was a certain level of industrial development in the Netherlands with well-established manufacturing, the country was no longer in a position to dominate capitalism globally. Its golden age was over. Dutch capitalists now invested in English stocks. They had become speculators. [25]

England as a Global Power

In early eighteenth-century England, the conditions were just right for the transition to industrial capitalism. The feudal mode of production was in disarray, peasants driven from their lands were filling the ranks of the proletariat, manufacturing was well-organized and productive, and the industrial bourgeoisie was a powerful class. Challenging the Netherlands' dominance in trade not only allowed for the further development of the capitalist mode of production—it made it utterly necessary.

Throughout the eighteenth century, the last remnants of feudalism were discarded. Capitalist agriculture replaced feudal agriculture and put an end to small-scale farming. Agricultural production was centralized and intensified with the help of new technologies. It produced the foods required by the growing urban population as well as raw materials for the boom in manufacturing.

Manufacturing was replacing craftsmanship, not only in the towns but in the countryside as well. Production was now divided into several tasks, each done by specialized workers and supervised by central management. Many small producers who had started out with modest capital joined the class of powerful industrial capitalists. The domestic market and commodity production were in full bloom.

The breakthrough of industrial capitalism in England required a strong, centralized state. This was initially provided by an absolutist monarchy, later by the bourgeois parliament. The absolutist state lasted as long as it was necessary for dissolving feudalism. The bourgeois forces needed time to consolidate and pose a political challenge to the monarch. When they did, the royal family tried to forge an alliance with the remaining feudal lords, but by that point absolutism had become an obstacle to capitalist development. The absolute rule of the monarch was ended by a civil war and a bourgeois parliament was convened in 1689. The new ruling class of England consisted of rich and powerful merchants, capitalist landowners, and the nascent industrial bourgeoisie. The strong bourgeois state made it possible to challenge Dutch control of global trade.

England entered into fierce competition with France, which also had a strong centralized state and was actively looking for colonies. But merchant capital in France was weaker than in the Netherlands and England. While it had trading colonies in South India as well as settler colonies in North

America and the West Indies, the number of French settlers was modest compared with the English, and neither agriculture nor manufacturing were particularly productive in France's colonies. While the Dutch possessed strong merchant capital but weak state power, the French possessed strong state power but weak merchant capital. The English had both.

English trading companies established early colonial outposts in Asia (mainly in India) and in Africa (mainly along the West Coast), but their focus lay in the Americas where they established three types of colonies: plantation colonies on the islands of the West Indies, producing sugar; a plantation colony (Virginia) on the American mainland, producing tobacco and cotton; and the settler colony of New England. The motive for establishing plantation colonies was obvious: there were fortunes to be earned in Europe with tropical agricultural products. The motive for the settler colony of New England, however, was of a more political nature. At the beginning of the seventeenth century, it was widely believed that England was threatened by overpopulation. The solution was emigration to the colonies. The English Civil War, the dislocation of peasants, and the dramatic social changes in the country had brought poverty and political as well as religious persecution. Many Englishmen were ready to resettle in the Americas where they had unlimited access to what seemed in such short supply at home: land.

Compared with France, England not only had more settlers in their colonies, but also more active trading companies. The French trading companies were much more closely controlled by the state, which also meant that the French government had to be more involved in its colonies. During armed conflicts in North America, for example, French government troops usually faced armies comprised of English settlers.

In 1651, the Navigation Act was passed by the English parliament. Among other things, it stipulated that no commodities were to be shipped to or from English colonies by foreign ships. Since the English navy was strong enough to enforce the rule—not least against the threat of Dutch, French, and North African pirates—this meant a further boost to English trade. Naval power was a crucial element of England's imperial politics.

The numerous military conflicts between the Netherlands, France, and England around 1700 testify to the fierce rivalry over colonies and trade monopolies at the time. When the Peace of Utrecht was signed in 1713, England was the only true winner: the Spanish ceded Gibraltar and slave-

trading rights in Latin America, while the French were forced to give up large areas in North America, namely Nova Scotia, Newfoundland, and Hudson's Bay.

England's Colonization of India

England now set its sights on the East. It would still be centuries before Europeans would dare challenge the power of the Chinese Emperor. India seemed easier prey. At the beginning of the seventeenth century, India was still more powerful than England—both economically and militarily—but it was politically fragmented. The East India Company established important trading colonies in Madras (1639), Bombay (Mumbai, 1662), and Calcutta (Kolkata, 1690), and had established a significant presence in India by the end of the century.

India was divided into several kingdoms. The economy was based on small, self-sufficient towns which dealt in agricultural products and handicrafts. The royalty lived off tributes and, in return, provided infrastructure such as irrigation systems as well as military protection. India has always been a nation of commerce. Long before Europeans arrived in the country, Indians were trading with other regions in Asia and along the East African coast. There was developed manufacturing, particularly of cotton clothes and textiles. When the Europeans arrived in the seventeenth century, what they found was anything but a poor or undeveloped society.

At first, the English mainly used their Indian trading colonies to export Indian goods to Europe and North America. Of primary interest were finished goods such as cotton clothes and silk. Merchants paid for these with silver and gold. Europeans had few goods of interest to Indians. The result was an accumulation of silver and gold in India, which, in turn, stimulated craftsmanship and manufacturing even more.

In 1715, Europeans started to import tea from China. This marked the beginning of a new chapter in the colonization of Asia. The Dutch had lost their possessions along the south coast of India, and it was the English and the French who fought over the most lucrative trade in the region. An English victory was never in doubt. With bases in Madras, Bombay, and Calcutta, it was easy to control the relevant sea passages. The Treaty of Paris in 1783 ensured that France would no longer play any role in the colonization of the Indian subcontinent.

During the conflict with France, English policies in India changed. The English were no longer satisfied just trading with the Indians, they wanted to gain control over local production. This shift cannot be understood without considering the interests of England's clothing manufacturers. Clothes imported from India were competitive on the European market. The protectionist tariffs introduced in England at the beginning of the eighteenth century were an initial response to this. Attempts to force Indians to export raw materials (mainly silk and cotton) rather than finished goods failed, since the English trading companies lacked political influence. There was only one solution: India had to be conquered.

The English conquest of India began in the mid-eighteenth century. With a ferocity that can only be compared to the Spanish conquest of South America 250 years earlier, the East India Company went to war with the Indian states. Bengal, the most highly developed and wealthiest of these, was first in line. The Bengali army suffered a critical defeat at the Battle of Plassey in 1757. As a result, the East India Company gained control over all of northeastern India. [26]

Bengal had benefited from trading with the English and had grown rich. Now, however, the state was systematically ruined. [27] Its treasury was emptied with tons of gold being shipped to England and many of its riches disappearing into the pockets of East India Company employees. The English introduced outrageously high taxes. Within a few years, Bengal's infrastructure was in tatters and its population brought to the brink of extinction. In 1770 alone, one third of the people living in Bengal starved to death. That same year, the East India Company enjoyed record profits. [28]

In 1773, the East India Company was placed under the direct control of the British Parliament, represented in India by a colonial council based in Calcutta. This was the first step in transferring political power in the colonies from the trading companies to the state. From this point on, there would be a stricter distinction between, on the one hand, political and military control exercised by the state, and, on the other, economic control exercised by private companies.

For India, the Battle of Plassey marked the beginning of its decline. For England, it marked the beginning of colossal economic progress. The enormous riches that the East India Company's plunder of Bengal had bestowed upon England served to finance the industrial revolution. "Europe built itself by climbing up on Asian shoulders." [29]

Historian Brooke Adams described the process:

> "The influx of Indian treasure, by adding considerably to the nation's cash capital, not only increased its stock of energy, but added much to its flexibility and the rapidity of its movement. Very soon after Plassey, the Bengal plunder began to arrive in London and the effect appears to have been instantaneous, for all authorities agree that the 'industrial revolution' began with the year 1770. … Plassey was fought in 1757, and probably nothing has ever equalled the rapidity of the change that followed. In 1760 the flying shuttle appeared, and coal began to replace wood in smelting. In 1764 Hargreaves invented the spinning jenny, in 1776 Grompton contrived the mule, in 1785 Cartwright patented the power loom and in 1768 Watt matured the steam engine. … But though these machines served as outlets for the accelerating movements of the time, they did not cause the acceleration. In themselves inventions are passive … waiting for a sufficient store of force to have accumulated to set them working. That store must always take the shape of money, and money not hoarded but in motion. Before the influx of the Indian treasure, and the expansion of credit which followed, no force sufficient for this purpose existed. … Possibly since the world began, no investment has ever yielded the profit reaped from the Indian plunder, because for nearly fifty years Great Britain stood without a competitor." [30]

English Industrial Capitalism

With the help of settlers (mainly expropriated farmers and craftsmen from England), trading companies, and, most importantly, military might, England established itself as the world's leading colonial power. It had a solid footing in all of the economically and strategically most important regions: in the West Indies, where the sugar colonies were under direct control of the trading companies; on the North American mainland, with its plantation and settler colonies; in West Africa, where slaving posts had been established; and in India, whose trade England now controlled. Luxury items such as tea, coffee, tobacco, rum, and sugar helped English merchant capital to amass enormous riches. England continued where the Netherlands

had left off, cementing European power across the globe and dividing the world into two parts: the one exploiting, the other exploited.

The colonies existed to serve the needs of the motherland. This also meant that, wherever the settlers were strong enough, they tried to get rid of the motherland. In North America, the settlers seceded from England in 1776. Most important for the development of the capitalist world system, however, was the ever growing capitalist character of colonization.

In England, powerful manufacturers made the government prohibit the import of finished goods which might compete with their own products on the domestic market. By the mid-eighteenth century, Indian clothes were banned from Europe. The market for English textile goods expanded. The colonies' role was to supply raw materials. This meant that, instead of competing with goods produced in England, they provided the necessary materials for those goods (while at the same time being turned into overseas markets for them). The conditions for capitalism's rise could not have been better. What followed was one of the most violent and radical transformations in human history: the arrival of big industry. Marx summed up the process in the first volume of *Capital* :

> "The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black-skins, signalized the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief momenta of primitive accumulation. On their heels treads the commercial war of the European nations, with the globe for a theatre. … The different momenta of primitive accumulation distribute themselves now, more or less in chronological order, particularly over Spain, Portugal, Holland, France, and England. In England at the end of the seventeenth century, they arrive at a systematical combination, embracing the colonies, the national debt, the modern mode of taxation, and the protectionist system. These methods depend in part on brute force, e.g., the colonial system. But they all employ the power of the State, the concentrated and organized force of society, to hasten, hot-house fashion, the process of transformation of the feudal mode of production into the capitalist mode, and to shorten the transition. Force is the midwife of

> every old society pregnant with a new one. It is itself an economic power." [31]

England became the world's leading industrial producer, distributing its goods around the world with the help of the English navy. Throughout the first half of the nineteenth century, England had both a monopoly on industrial production and on international trade. Its industrial goods were cheaper than anything produced by traditional craftsmen, both domestically and abroad. England could sell whatever it produced. But not for long.

Production and Demand

English capitalism experienced its first crisis in the 1840s. Consumption couldn't keep up with production. Establishing a market with enough purchasing power is the single biggest challenge for a capitalist economy. In order to maximize profits, capital needs to expand production, introduce new technologies, and provide the market with an ever increasing quantity of goods. If the market does not grow, there is stagnation. Marx wrote:

> "Overproduction is specifically conditioned by the general law of the production of capital: to produce to the limit set by the productive forces, that is to say, to exploit the maximum amount of labour with the given amount of capital, without any consideration for the actual limits of the market or the needs backed by the ability to pay." [32]

Mainstream liberal economists have always assumed a balance between production and consumption. For them, a crisis of capitalism never has anything to do with the structure of capitalism itself. In 1803, J.B. Say presented the thesis that production—by way of wages and profits—always creates a purchasing power that corresponds to the total price of all goods produced. [33] History and practical experience, however, show that (with the exception of extreme situations caused by war or natural catastrophe) markets are always dependent on what the buyers can pay for.

At first glance, Say's thesis seems logical. Let's take the production of a profitable company as an example: The share of the total price of all goods on the market that has been spent on raw materials, auxiliary materials, machines, factories, etc., can secure significant purchasing power for the finished goods before they are even finished. Wages paid and profits

made by suppliers create demand. The workers producing the goods can have their share of the finished product. All this does indeed seem to guarantee a balance between production and purchasing power. The problem, however, lies in the capitalists' profits. They are not available until all goods are sold, which affects purchasing power. Purchasing power is therefore always a step behind supply. There is no balance. This is confirmed by the simple fact that you can always get goods for your money but not always money for your goods.

Purchasing power is also limited by the exploitation necessary for capitalist growth. On the one hand, the capitalist needs to keep wages as low as possible in order to make the biggest profits possible. On the other hand, wages make up a significant part of the purchasing power that is required to generate profit. In other words, the capitalist form of accumulation has a tendency to destroy its own market. If capitalists increase wages, their profits decrease; if they decrease wages, their markets decrease. In both cases, capitalists become hesitant to invest, not because they can't produce, but because they don't know if what they produce can be sold. [34]

These structural problems of capitalism came to the surface in England during the first half of the nineteenth century. Capitalists could not meet the workers' demands for higher wages and better working conditions if they wanted to keep their profit rates intact. The English bourgeoisie could not afford full suffrage and trade unions, because it would have threatened capitalism's entire existence at the time. This is why Marx opened *The Communist Manifesto* in 1848 with the words: "A spectre is haunting Europe—the spectre of communism." [35]

But, just around that time, capitalism found a solution to its first major crisis: the productive forces underwent a revolution with the introduction of spinning and weaving machines, the steam engine, and railways. Productivity increased multifold. This, however, did not bring better conditions for the working class. On the contrary: the 1840s became known as the "hungry forties," as millions suffered from starvation all across Europe. During the Great Famine in Ireland, which lasted from 1845 to 1852, roughly one million people died of hunger and related diseases. The famine was not caused by the plant disease that wiped out the potato crop. Potatoes accounted for no more than 20 percent of the country's agricultural production. During the famine, Ireland was exporting sufficient quantities

of corn, wheat, barley, and oats to England, feeding an estimated two million people there. It is simply that Ireland was a food-producing colony, similar to India and the sugar islands of the Caribbean, and its population had to suffer the consequences. [36]

But misery was not limited to the colonies. In his 1845 book *The Condition of the Working Class in England* , Friedrich Engels described the terrible conditions in industrial towns. [37] Many English proletarians emigrated to North America, Australia, New Zealand, or one of the other English colonies. As did the proletarians of Ireland—over one million left during the Great Famine alone.

In the first half of the nineteenth century, workers' wages in England covered the bare essentials necessary for survival. [38] This weakened the domestic market. Internationally, the rapid industrialization of France and the Americas troubled the English. Traditional craftsmanship was no longer the main competition to English industry—foreign rivals were. Competition among English capitalists also grew. Worst of all was the recurring problem of stagnant consumption vis-à-vis ever expanding production. The English industrialists' profit rates were falling.

One of the ways in which a capitalist country can solve the problem of overproduction is to sell as much as possible on the world market. Marx wrote:

> "the more capitalistic production develops, the more it is forced to produce on a scale which has nothing to do with the immediate demand but depends on the constant expansion of the world market" [39]

A positive trade balance is crucial for a healthy national economy, since the export surplus provides the purchasing power needed to keep domestic supply and demand in balance. However, this cannot be done without hurting other countries.

English capital set out to find new markets and possibilities for foreign investment. In *The Communist Manifesto* , Marx describes this early tendency to globalization:

> "The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connexions everywhere. … The bourgeoisie, by the rapid improvement of all instruments of

> production, by the immensely facilitated means of communication, draws all, even the most barbarian, nations into civilisation. The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarians' intensely obstinate hatred of foreigners to capitulate. It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilisation into their midst, i.e., to become bourgeois themselves. In one word, it creates a world after its own image." [40]

Marx saw capitalism's development as a centrifugal process. The lower the possibilities became for profitable investment in the most developed capitalist countries, the more important profitable investments in the colonies and the less developed capitalist countries became. Marx predicted that capitalism would spread quickly across the globe. He did *not* predict that this process would, with equal speed, divide the world into a highly developed imperialist center on the one hand, and an exploited and underdeveloped periphery on the other. When Marx wrote *The Communist Manifesto* , he viewed colonialism as a progressive phenomenon. He believed that English capital would venture far and wide and turn the rest of the world into a mirror image of England. In *Capital* , he wrote: "The country that is more developed industrially only shows, to the less developed, the image of its own future." [41]

The first phase of industrialization ended in England around 1830, when industrialization had barely started in the countries of continental Europe and in the USA. The European countries and the US, however, never turned into a periphery. English capital helped them to become developed capitalist countries themselves. So far, Marx's predictions were correct. By about 1880, the industrial development of both Germany and the USA had surpassed that of England. Marx believed that a similar process was awaiting the colonies of Asia and Africa. Once England had erased the traditional social structures and introduced capitalism, the colonies would undergo a rapid development echoing that of the motherland. About England's role in India, Marx wrote:

> "England has to fulfill a double mission in India: one destructive, the other regenerating—the annihilation of old Asiatic society, and the laying of the material foundations of Western society in Asia. … I

> know that the English millocracy intend to endow India with railways with the exclusive view of extracting at diminished expenses the cotton and other raw materials for their manufactures. But when you have once introduced machinery into the locomotion of a country, which possesses iron and coals, you are unable to withhold it from its fabrication. You cannot maintain a net of railways over an immense country without introducing all those industrial processes necessary to meet the immediate and current wants of railway locomotion, and out of which there must grow the application of machinery to those branches of industry not immediately connected with railways. The railway-system will therefore become, in India, truly the forerunner of modern industry." [42]

According to this view, the opening of new markets in Africa and Asia, and the export of capital to the Americas, promised to temporarily postpone capitalism's imminent collapse. But the relief wouldn't last long. The eventual result of such an expansion of capitalism would only be more accumulation and a new, even worse, crisis of overproduction. Friedrich Engels predicted the following regarding capitalism's development:

> "Even in quite barbarous lands the bourgeoisie is advancing. … What of all the glorious advances of 'civilisation' in such lands as Turkey, Egypt, Tunis, Persia, and other barbarous countries? They are nothing else but a preparation for the advent of a future bourgeoisie. … Wherever we look, the bourgeoisie are making stupendous progress. They are holding their heads high, and haughtily challenge their enemies. They expect a decisive victory, and their hopes will not be disappointed. They intend to shape the whole world according to their standard; and, on a considerable portion of the earth's surface, they will succeed. We are no friends of the bourgeoisie. That is common knowledge. … We cannot forbear an ironical smile when we observe the terrible earnestness, the pathetic enthusiasm with which the bourgeois strive to achieve their aims. They really believe that they are working on their own behalf! They are so short-sighted as to fancy that through their triumph the world will assume its final configuration. Yet nothing is more clear than that they are everywhere preparing the way for us, for the democrats and the Communists; than that they will at most win a few years of troubled enjoyment, only to be then

> immediately overthrown. Behind them stands everywhere the proletariat, sometimes participating in their endeavours and partly in their illusions, as in Italy and Switzerland, sometimes silent and reserved, but secretly preparing the overthrow of the bourgeoisie, as in France and Germany; finally, in Britain and America, in open rebellion against the ruling bourgeoisie. … So just fight bravely on, most gracious masters of capital! We need you for the present; here and there we even need you as rulers. You have to clear the vestiges of the Middle Ages and of absolute monarchy out of our path; you have to annihilate patriarchalism; you have to carry out centralisation; you have to convert the more or less propertyless classes into genuine proletarians, into recruits for us; by your factories and your commercial relationships you must create for us the basis of the material means which the proletariat needs for the attainment of freedom. In recompense whereof you shall be allowed to rule for a short time. You shall be allowed to dictate your laws, to bask in the rays of the majesty you have created, to spread your banquets in the halls of kings, and to take the beautiful princess to wife—but do not forget that 'The hangman stands at the door!' (Heinrich Heine, 'Ritter Olaf')." [43]

As we know, the hangman's face remains well hidden. The predictions of Marx and Engels proved false. Not because their analysis of capitalism was wrong: the capitalist system, as it functioned until the middle of the nineteenth century, was indeed in the process of running out of steam. It was wracked by regular crises of ever increasing severity. Simultaneously, the strength and resistance of the proletariat grew. The "spectre of communism" materialized with the Paris Commune in 1871. The bourgeoisie was terribly afraid of widespread revolution. What Marx and Engels did not foresee was that the proletariat's struggle for better living conditions would initiate new forms of imperialist accumulation which would in turn revitalize global capitalism. Jawaharlal Nehru, India's first prime minister, described this in 1933:

> "It is said that capitalism managed to prolong its life to our day because of a factor which perhaps Marx did not fully consider. This was the exploitation of colonial empires by the industrial countries of

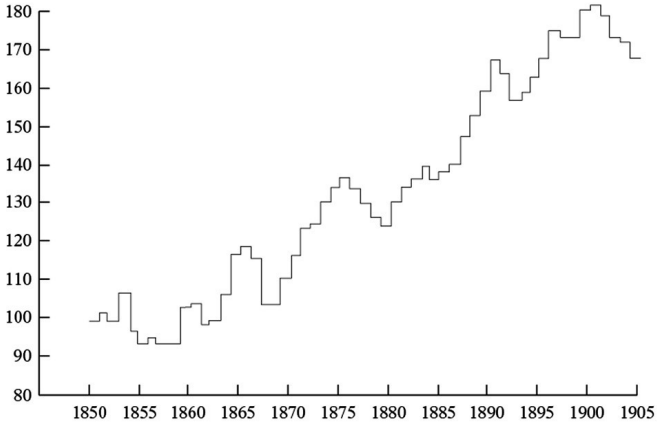
> the West. This gave fresh life and prosperity to it, at the expense, of course, of the poor countries so exploited.” [44]

Colonialism was not just a centrifugal phenomenon, it was also a polarizing one. The division of the world into rich and poor countries, into center and periphery, lay the basis for capitalism’s growth and longevity.

Around 1850, the living conditions of the English proletariat slowly began to improve. For the first time, capitalists were paying wages above subsistence level. This was not yet a result of proletarian struggle. The workers’ movement was still weak, not least due to fragmentation and corruption. Instead, the reasons for the rise in wages could be found in contradictions within the ruling class itself. English landowners had great influence in the British parliament. In 1804, they passed a prohibition against the import of grains and other agricultural products into England. This explains why prices for foodstuffs remained high throughout the first half of the nineteenth century, which impacted the subsistence wages the industrialists had to pay. In essence, the landowners took a significant chunk out of the extra profits made by the monopolies of English industry. In the 1840s, the industrialists campaigned for lifting the import prohibition. Supported by the working class, they succeeded in 1846. By 1872, wheat imports had doubled and those of meat had increased eightfold. Grains now came from Prussia, Denmark, and the USA. Bread and other foods became significantly cheaper.

As the prices for foodstuffs, and therefore the subsistence level, were falling in England, the industrialists wanted to decrease wages. Now, however, this was prevented by the fledgling workers’ movement. The consequence was an increase in real wages. The workers’ movement soon gained strength and managed to win further improvements: in 1847, the ten-hour workday was introduced, a demand that workers had been making for thirty years. The workers benefited from an unlikely alliance with the landowners, who—wanting to get back at the industrialists who had opened the domestic market to foreign agricultural products—supported the workers’ cause in parliament. Figure 1 shows the increase of real wages in England during the second half of the nineteenth century .

FIGURE I. Index of Real Wages in England, 1850–1905



Source: Jones (1974): 170.

Capitalism is a system out of balance. The breakthrough of industrial capitalism can be likened to a high-speed train running on subway tracks. Constant interventions by the state were necessary for capitalism to not collapse due to its internal contradictions. The state was constantly occupied with regulating and restructuring the system after each crisis.

Politics are the result of class struggle, providing the economic laws with the concrete historical frameworks they present themselves in. The forms which these frameworks take are determined by the structural possibilities and limitations created by history. Analyzing the class struggle in France in 1848, Marx wrote: “People make their own history, but they do not make it as they please; they do not make it under circumstances they themselves have chosen, but under given and inherited circumstances with which they are directly confronted.” [45]

Class struggle in Europe during the second half of the nineteenth century—colonialism’s heyday—provided capitalism with a new framework. The global market was expanding, North America had strong purchasing power, and high profit rates secured ongoing accumulation. None of this was the result of any master plan, but of the struggle between those trying to maximize profits and those trying to receive the highest possible wages.

Colonial Exploitation

The colonial empire was a crucial factor in the improvement of living standards in England. Consumer goods and raw materials fueling British industry were imported. At the same time, the colonies served as foreign territories for investment and as places to relocate what Marx called the "reserve army of labor," that is, the surplus population of the unemployed.

It has often been claimed that the improvement of living standards for the English working class was the result of the Industrial Revolution and higher productivity. Primarily, however, the improvement was based on colonial revenue, which included taxes and fees collected by the British government from its overseas possessions. Table I shows the transfer of wealth from the colonies to Britain between 1867 and 1908 .

TABLE I. Britain's Imperial Revenues, 1867-1908

Year	Gross Imperial	Revenues Per Capita (£. s. d.)	Gross Local	Per Capita (£. S. d.)
1867–68	£69,600,218	£2, 5s, 6d	£36,496,000	£1, 3s, 10d
1877–78	£77,739,671	£2, 5s, 10d	———	———
1887–88	£89,802,254	£2, 8s, 8d	£67,162,960	£1, 16s, 5d
1897–98	£106,614,004	£2, 12s, 10d	£101,126,879	£2, 10s, 1d
1907–08	£146,541,737	£3, 5s, 10d	———	———

Source: Hirst and Palgrave (editors), Table 9, "Imperial and local revenues and debts, 1867–1908": 19. Here from Cope (2014).

Note: The figures for imperial and local revenues and imperial debts are for the United Kingdom; but those relating to the local debts are only for England and Wales. The figures are only approximate.

One of the few contemporaneous descriptions of England's colonial exploitation that we have comes from Dadabhai Naoroji, India's "grand old man." In 1882, he addressed the British parliament in an appeal for justice for the Indian people. His arguments were based on thorough calculations of the economic drain caused by colonialism. Naoroji described how Britain's trade monopoly, colonial taxation, and the destruction of traditional, small-scale Indian manufacturing had devastated the country.

Naoroji's drain theory later became the basis for the Indian National Congress's critique of colonialism.

With regard to the importance of the British empire for the development of capitalism, the American sociologist Richard Krooth wrote the following:

> "By 1914 the British Empire covered 12.7 million square miles, of which the United Kingdom represented 121,000 or less than one-hundredth. In terms of population, moreover, of the 410 million British subjects, constituting about one-fifth of the people of the globe, 44 million resided in the United Kingdom; only a little more than one-tenth of the Empire's inhabitants. From this empire ruled by the few came total trade of about £180,000,000 a year, bringing to Britain revenues amounting to approximately £19,500,000 sterling. And to this empire, British capital investors had sent £4 billion … by 1913.
>
> "In returns, between 1880 and 1910, overseas investment earnings tripled (£57,700 million in 1880 to £170,000 million in 1910), and other income from shipping, insurance, and services increased by more than a half (£96,400,000 in 1880 to £146,700,000 in 1910). Together, the sum of trade and earnings abroad was reflected in the accelerated accumulation of capital. In the 63-year period of 1812–75, British wealth increased by £5,848 billion, as compared to a total accumulation of £7,924 billion over the following 37 years (1876–1912).
>
> "The more rapid accumulation of capital came from the large-scale expansion of colonies after 1875 and especially after 1882. For the colonies where British manufactured goods were exported and raw materials and foodstuffs were obtained offered investment and loan rewards for British capital, while seeking reinvestment abroad." [46]

By the end of the nineteenth century, the British population had become dependent on a number of goods imported from the colonies for mass consumption. Especially sugar, rice, tea, coffee, and tobacco. The most important raw material, cotton, was imported from the slave plantations of North America before the American Civil War, and from India and Egypt afterwards. Britain's entire economy had become dependent on the colonies and on control of world trade. Improvements in living standards for British

workers relied on colonial profits and the relatively low prices of imported goods. The working class was integrated into what was becoming the first consumer society, and as such played an important role in maintaining the empire. By the mid-1800s tea and coffee were regularly consumed by all classes. In 1850, the amount of sugar imported from the colonies was only surpassed by that of cotton. Tea was number four, and coffee number six. Even the poorest classes spent 6 to 7 percent of their income on colonial imports. [47] Between 1850 and 1875, the per capita consumption of these goods increased even more: tea by 60 percent, sugar by 75, tobacco by 18, liquor by 33, and wine by 66. [48] People were having tea with sugar as well as bread and jam (a new product also containing sugar) for breakfast now instead of porridge, which had been the staple food of the poor for centuries. The popularity of sugar was directly related to the energy boost it provided. While the British consumed it mainly with tea, the French had it with coffee and milk. By 1800, more than six hundred coffeeshops in Paris served *café au lait* . [49]

During the 1870s, real wages in England grew by 26 percent; during the 1880s by 21 percent; and during the 1890s by 11 percent. [50] The biggest beneficiaries were skilled workers. Skilled workers earned about twice as much as their unskilled peers. The latter still received subsistence wages. The improvement in working-class living standards was safeguarded by the now well-established workers' movement. Trade unions were powerful and workers had even gained influence in parliament. Skilled workers fought for higher wages, better working conditions, and an extension of trade union rights—often successfully.

The situation was similar in France, Germany, and other Western European countries. Capitalists resisted the workers' movement, but the concessions they made, especially in terms of higher wages, did not hurt the capitalist system. On the contrary, they helped solve the crisis of overproduction by strengthening the domestic market. But the capitalist system could only afford improvements to the living conditions of European workers because of the exploitation of the colonies. The economies of the colonies themselves had by now become capitalist. Factories and mines had been established and plantations were run as capitalist enterprises. More and more capital was invested. The profits helped compensate for the decline in the profit rate in Europe caused by the increased wages for European workers. Globally, this promised to provide a

long-term solution to the contradiction between production and consumption. Capital flows also changed: more capital, and therefore value, was now flowing from the colonies to the developed countries than vice versa. Prior to this, the export of capital from the developed countries to the colonies had helped balance out some of the differences in economic development. Now, the gap between rich and poor only deepened. This was necessary for the continued expansion of the capitalist mode of production. Capitalism needed the best possible conditions for the development of its productive forces.

Contrary to Marx's prediction, India never became a mirror image of England. Later on in life, Marx acknowledged this. He realized that there was instead a process of polarization. In a letter to N.F. Danielson, dated February 19, 1881, he wrote:

> "In India serious complications, if not a general outbreak, is in store for the British government. What the English take from them annually in the form of rent, dividends for railways useless to the Hindus; pensions for military and civil service men, for Afghanistan and other wars, etc., etc.—what they take from them without any equivalent and quite apart from what they appropriate to themselves annually within India, speaking only of the value of the commodities the Indians have gratuitously and annually to send over to England—it amounts to more than the total sum of income of the sixty millions of agricultural and industrial labourers of India! This is a bleeding process, with a vengeance! The famine years are pressing each other and in dimensions till now not yet suspected in Europe!" [51]

Meanwhile, the development of the countries of Western Europe as well as of the settler states of the USA, Canada, Australia, and New Zealand did mirror that of England. The settler states were populated by emigrants from Europe who demanded wages similar to those at home. The colonial power structure—and, in the case of the USA, slavery—made this possible. The colonies of Latin America, Asia, and Africa did not develop in the same way. To do so simply wouldn't have been possible. Their exploitation and underdevelopment was required for Europe and European settler states to get rich. Marx identified the following as an essential feature of capitalist accumulation: "Accumulation of wealth at one pole is, therefore, at the same time accumulation of misery, agony of toil slavery, ignorance,

brutality, mental degradation, at the opposite pole, i.e., on the side of the class that produces its own product in the form of capital." [52]

This became very obvious in the make-up of European societies during capitalism's earliest phase. The more capitalism globalized, the truer this observation became. Colonialism was a catastrophe for the world outside of Europe. From 1500 to 1900, the non-European share of the world population dropped from 83 to 62 percent. [53]

From Dangerous Classes to Citizens

The roots of the political organizations of the working class can be found in the craft guilds, which adhered to strict regulations and rituals. An early challenge for the labor movement was to unite workers who often strongly identified with their particular trade. But internal problems were far from the only challenge the movement was facing; the repression by the state and the bourgeoisie was relentless. The ruling classes were afraid of a revolution instigated by those for whom strikes and sabotage had become common forms of action. The French Revolution of 1789 was still on everyone's mind, and a wave of revolutionary uprisings swept across Europe in 1848.

By the second half of the nineteenth century, the ruling classes had changed their approach. They preferred reforms to the risk of revolution. In the 1870s, both Napoleon III in France and the conservative parliament in Britain allowed the workers to organize. In 1871, the British parliament officially recognized trade unions. In France, this right was granted a little later, after the demise of the Paris Commune.

Those in power hoped that incorporating the "dangerous classes" into the political machine and granting them citizenship would make controlling them easier. Workers (men only) were allowed to vote, and social benefits and health insurance were gradually introduced. The proletariat became part of the nation.

To counteract this development, the International Workingmen's Association (IWA)—better known as the First International—was founded in 1864. It consisted mainly of English and French trade unions as well as individual socialists, communists, and anarchists. What united its members was the desire to organize the proletariat on the basis of class, disregarding national identity. Class was more important than citizenship. The main

conflict within the First International concerned the role of the state. The anarchist Mikhail Bakunin was in opposition to any form of state power and argued for the state to be abolished. Marx, on the other hand, championed a two-step strategy: state power had to be seized before that which was seized could wither away in a socialist society. The question of how to seize state power would later divide the socialist movement into reformists and revolutionaries.

In the decades that followed the founding of the First International, the socialist movement was growing fast. Socialist parties were established all across Europe, and trade unions became increasingly powerful. At the same time, socialists were slowly incorporated into the political system and thereby deradicalized. The Bolsheviks of Russia, on Europe's margins, were among the exceptions to this trend. In Western Europe, the workers had left the barricades of 1848 and 1871 and were entering parliaments. They now faced their employers across the negotiation table. The First International dissolved in 1876.

The new economic conditions changed the political dimensions of class struggle. In Europe and in the European settler colonies, employers could now afford to make concessions to the labor movement. This, in turn, strengthened the workers' belief in reformism. For the employers, accepting certain reforms was far less risky than provoking revolutionary uprisings. This served both sides. Measured by today's standards, even the top tier of the English working class, skilled industrial workers, still lived poorly, but their living conditions had improved dramatically within a relatively short period of time and they were far superior to those of the workers in the colonies. At the beginning of the twentieth century, widespread hunger—which we still see in the Global South today—had basically disappeared from England and most Western European countries.

The improved living conditions and political influence of the working class were not the result of some shrewd capitalist plot or a payoff to keep workers submissive. They were a consequence of working-class struggles. Yet, they would not have been possible without imperialism. To speak of "bribes" for the working class—as some anti-imperialist organizations did, KAK included—is an oversimplification. But as a result of improving conditions for the European working classes, the reformist sections of the labor movement were certainly strengthened and the revolutionary ones weakened. Whereas the Paris Commune had been crushed, many reformist

campaigns had scored victories. Reformism seemed capable of improving conditions for the proletariat.

In 1848, Marx and Engels optimistically expected the international proletariat to unite and advance toward world revolution. This was expressed in the famous rallying cry of the *Communist Manifesto* : "Working men of all countries, unite!" [54] As time went on, Marx and Engels became more cautious. Their analysis of how England's global domination, colonialism, and the bourgeoisification of the working class were interconnected is revealing. In a letter to Marx dated October 7, 1858, Engels wrote:

> "…the English proletariat is actually becoming more and more bourgeois, so that this most bourgeois of all nations is apparently aiming ultimately at the possession of a bourgeois aristocracy and a bourgeois proletariat alongside the bourgeoisie. For a nation which exploits the whole world this is of course to a certain extent justifiable. The only thing that would help here would be a few thoroughly bad years, but since the gold discoveries these no longer seem so easy to come by." [55]

In a letter to Karl Kautsky he expressed similar sentiments:

> "You ask me what the English workers think about colonial policy. Well, exactly the same as they think about politics in general: the same as the bourgeois think. There is no workers' party here, you see, there are only Conservatives and Liberal-Radicals, and the workers gaily share the feast of England's monopoly of the world market and the colonies." [56]

National chauvinism began to be embraced by members of the English proletariat in the mid-nineteenth century. In a letter to Sigfrid Meyer and August Voigt, dated April 9, 1870, Marx elaborated on the attitudes of the English working class toward the Irish:

> "And most important of all! Every industrial and commercial centre in England now possesses a working class divided into two hostile camps, English proletarians and Irish proletarians. The ordinary English worker hates the Irish worker as a competitor who lowers his standard of life. In relation to the Irish worker he feels himself a

> member of the ruling nation and so turns himself into a tool of the aristocrats and capitalists of his country against Ireland, thus strengthening their domination over himself. He cherishes religious, social, and national prejudices against the Irish worker. His attitude towards him is much the same as that of the ‘poor whites’ to the ‘niggers’ in the former slave states of the USA. The Irishman pays him back with interest in his own money. He sees in the English worker at once the accomplice and the stupid tool of the English rule in Ireland. … This antagonism is the secret of the impotence of the English working class, despite its organisation. It is the secret by which the capitalist class maintains its power. And that class is fully aware of it. … Therefore to hasten the social revolution in England is the most important object of the International Workingmen’s Association. The sole means of hastening it is to make Ireland independent. Hence it is the task of the International everywhere to put the conflict between England and Ireland in the foreground, and everywhere to side openly with Ireland. And it is the special task of the Central Council in London to awaken a consciousness in the English workers that for them the national emancipation of Ireland is no question of abstract justice or humanitarian sentiment but the first condition of their own social emancipation.” [57]

The First International’s central council did not succeed in raising awareness about the conditions in the colonies among English workers, nor was it able to convince them that the liberation of the colonies was a precondition for their own. Socialist movements were eager to clarify who was producing value *within* the nation. In comparison, the question of who was producing value *globally* was basically ignored. This prevented an understanding of capitalism as a global system. Socialists therefore contributed to the majority of the English working class embracing and defending the empire.

Historical research has confirmed the connection between colonialism and the development of a First World labor aristocracy. Considering wage levels, working conditions, social security, and class relations, the English historian Eric Hobsbawm concluded that this process began in the 1840s:

> “[The] further we progress into the imperialist era, the more difficult does it become to put one’s finger on groups of workers which did not,

> in one way or another, draw some advantage from Britain's position; who were not able to live rather better than they would have done in a country whose bourgeoisie possessed fewer accumulated claims to profit and dividends abroad, or power to dictate the terms of trade with backwards areas. Or, since there is no simple correlation between the standard of living and political moderation, on workers who could not be made to feel that their interests depended on the continuance of imperialism. It is indeed true that the 'benefits' of imperialism, and its promises, were unevenly distributed among various workers at any given time; and that some of the mechanisms for distributing them did not come into full operation until the inter-war years. It is equally true that the growing crisis of the British economy complicated the pattern. But, on the whole, the change remains. … To sum up. The roots of British reformism no doubt lie in the history of a century of economic world supremacy, and the creation of a labour aristocracy, or even more generally, of an entire working class which drew advantages from it." [58]

The British economist Joan Robinson has summarized the related economic process:

> "It was not only superior productivity that caused capitalist wealth to grow. The whole world was ransacked for resources. The dominions overseas that European nations had been acquiring and fighting over since the sixteenth century and others also, were now greatly developed to supply raw materials to industry." [59]

According to Robinson, the industrial workers in the home countries profited from imperialism in three ways: First, raw materials and foodstuffs were cheap in comparison to manufactured goods, boosting the purchasing power of the workers. Second, the profits made by industry, commerce, and finance benefited society at large through taxes, while ongoing investments meant a high demand for labor. Third, imperialism equipped the industrial workers of Europe with a sense of national and racial superiority. The industrial working class became an integral part of the capitalist nation.

Much research has been done on the English labor aristocracy of the nineteenth century. [60] Scholars commonly agree that it consisted of skilled workers organized in trade unions. They constituted the top tier of the

proletariat. Its size and significance within the class as a whole fluctuated throughout the second half of the nineteenth century. This largely depended on whether the economy was booming or stagnating. Research shows that real wages in both England and France doubled between 1850 and 1900. [61]

In the face of these developments, Marx changed his thoughts on revolution. In *The Communist Manifesto* , published in 1848, and in his articles about India in the *New York Daily Tribune* from the early 1850s, Marx saw capitalism as a progressive, if barbaric, force. He thought that the liberation of Asia depended on the revolution in Europe. But he adjusted his views after studying the Taiping Rebellion, the Opium Wars, various uprisings in India, and the slave economy in the USA.

Marx supported the Taiping Rebellion, which had been triggered by a British war of aggression. [62] He now believed that the wave of uprisings against the British, stretching from China to India to Persia, would impact conditions in Britain itself and, consequently, in continental Europe. This would accelerate capitalism's crisis and possibly cause revolution. [63] In the 1860s, Marx applied this analysis to the situation in Ireland. Once again, he stressed his belief that the struggle for independence in the colonies would contribute to revolutionary developments in the imperialist countries themselves. In a letter dated December 11, 1869, he wrote to Friedrich Engels:

> "For a long time I believed that it would be possible to overthrow the Irish regime by English working class ascendancy. I always expressed this point of view in the *New York Tribune* . Deeper study has now convinced me of the opposite. The English working class will never accomplish anything before it has got rid of Ireland. The lever must be applied in Ireland. That is why the Irish question is so important for the social movement in general." [64]

In other words, Ireland's liberation did not depend on working-class struggle in England—the revolutionary working-class struggle in England depended on the Irish struggle. Marx and Engels hoped that the advance of capitalist nations in continental Europe, and the challenge this posed to English dominance, would change the dynamics of the English workers' movement, members of the labor aristocracy becoming revolutionaries once again.

Such was not to be. Capitalism did not develop as predicted by Marx and Engels. When the imperialist center in England was troubled, it simply expanded to include Western Europe and North America. The English labor aristocracy did not disappear and give way to a revitalized revolutionary workers' movement. Instead, it was now joined by a labor aristocracy on the European continent and one across the Atlantic. Politically, the countries that had now entered the imperialist center developed in the same way England had developed a few decades earlier: workers successfully fought for higher wages, better working conditions, and more political rights within the framework of bourgeois parliamentary politics. Reformism had won.

Housewifization

In the context of the imperialist center's "dangerous classes" having become "citizens of the nation," I want to address two issues more closely: gender and racism.

During the first phase of industrialization, women and children comprised a significant part of the workforce. Many women were employed in the textile industry, which played a central role in the Industrial Revolution until the mid-1800s. As historian Maxine Berg explains: "It was the female, and not the male, workforce, which counted in the most important high productivity industry of the period—textiles … where the female labor force outnumbered the male by four to one or even eight to one." [65] The available data suggests that, in the late eighteenth and early nineteenth centuries, as many women as men were employed as industrial workers, if not more. [66]

In the 1850s, about 40 percent of workers in Paris were women. They were popular among employers because their pay was often only a third of what their male colleagues received. [67] But this was not the only reason for their popularity: they were also regarded as the least troublesome workers. Only men belonged to guilds and modern working-class organizations. Marx's labor theory of value was based on working-class families in which the wife did not engage in wage labor. For Marx, the inclusion of women and children into the industrial workforce meant a decrease in the value of labor-power. In *Capital* , he wrote:

> “The value of labour-power was determined, not only by the labour-time necessary to maintain the individual adult labourer, but also by that necessary to maintain his family. Machinery, by throwing every member of that family on to the labour-market, spreads the value of the man’s labour-power over his whole family. It thus depreciates his labour-power. To purchase the labour-power of a family of four workers may, perhaps, cost more than it formerly did to purchase the labour-power of the head of the family, but, in return, four days’ labour takes the place of one, and their price falls in proportion to the excess of the surplus-labour of four over the surplus-labour of one. In order that the family may live, four people must now, not only labour, but expend surplus-labour for the capitalist. … Taking the exchange of commodities as our basis, our first assumption was that capitalist and labourer met as free persons, as independent owners of commodities; the one possessing money and means of production, the other labour-power. But now the capitalist buys children and young persons under age. Previously, the workman sold his own labour-power, which he disposed of nominally as a free agent. Now he sells wife and child. He has become a slave-dealer.” [68]

Marx’s attributing the value created by a wage-laboring woman to her husband rather than to herself was based on empirical rather than moral grounds. In a motion filed by Marx at the First Congress of the International Workingmen’s Association in 1866, he describes the fact that women were entering the labor market as progressive. This sentiment, however, was not shared by the labor movement at large. The powerful German workers’ organizations saw women entering the labor market as a threat to men’s employment and wages. A majority of German delegates at the 1866 IWA congress, led by Ferdinand Lassalle, opposed Marx’s motion. So did a majority of the French delegates. The following resolution was passed instead:

> “The employment of women in the workshops and modern industry is one of the most outrageous abuses of our time. … Due particularly to the destruction of the family, the working population ends up in such a miserable condition that they lose even the last trace of cultural and ideal values they had so far. Therefore, the tendency to further extend the labour market for women has to be condemned.” [69]

This resolution was, in fact, a compromise. The German delegates had argued for a complete ban on women in industrial jobs due to health concerns. The final resolution did not call for a ban, but criticized the conditions women had to work under. The underlying issue, of course, was that the workers' movement fought for a "family wage," that is, a wage high enough for a male worker to sustain his family as the "head of the household." The notion of the man as provider was central to the nineteenth-century workers' movement. Before that, it was only in bourgeois families that the man by himself was economically responsible for the family while the woman stayed at home. Among workers, peasants, and even craftsmen, everybody contributed to the family's income.

The workers' movement contributed to the "housewifization" of women, ostensibly to protect women from exploitation. The main issues, however, were competition on the labor market and wages. Male workers demanding higher wages as "providers" did not want to see this strategy undermined. Real change in the workers' movement regarding gender equality only occurred in the 1960s.

With its long-standing opposition to women entering the workforce, the workers' movement contributed to domestic and reproductive labor—in short, housework—becoming regarded as a natural resource, much like air and water. The housewife's "job" was to make sure that her husband could return to his "real job" day after day, and to nurture a new generation of workers and housewives. Working-class women remained economically shackled to their husbands, as men were the only ones able to provide the income needed for a family to survive.

One of the reasons for the patriarchal nuclear family model spreading into the working class was colonial profits. The gender roles championed by the workers' movement in the late nineteenth century corresponded to the development of the labor aristocracy. During the second half of the nineteenth century, the ratio of women to men in the industrial workforce fell by 0.7 percent a year on average. During the 1780s, the percentage of married women in the small town of Cardington who worked for a wage was 67.5. In 1911, in all of England it was 10 percent. This shift was due to factory legislation, the ten-hour work day, rising wages, and the spread of the bourgeois family model within the working class. [70] Maria Mies described this process as follows: "Without the ongoing exploitation of external colonies—formerly as direct colonies, today within the new

international division of labour—the establishment of the ‘internal colony,’ that is, a nuclear family and a woman maintained by a male ‘breadwinner,’ would not have been possible.” [71] White men in Western Europe and North America ruled over their own colonies in the form of the nuclear family with a wife forced to stay at home. This was one of the most important factors ensuring that the unpropertied, and formerly dangerous, proletarian would become a loyal citizen.

Like the workers’ movement, the women’s movement emerged in the nineteenth century, and there were some overlaps. In general, however, the two movements developed independently from one another. Alliances were rare. Important and influential sections of the workers’ movement saw the women’s movement as a distraction or an outright competitor. There were exceptions, however. In the first half of the nineteenth century, the French socialist and feminist Flora Tristan was a strong advocate for both internationalism and women’s rights in the workers’ movement. In her most important work, *The Workers’ Union* , published in 1843, she wrote: “All working-class ills can be summed up in two words: poverty and ignorance. Now in order to get out of this maze, I see only one way: begin by educating women, because women are in charge of instructing boys and girls.” [72]

Tristan saw women as the “proletariat’s proletariat.” For her, the workers’ struggle and the women’s struggle were inseparable. But her view wasn’t shared by many in the workers’ movement, although there was more openness in France than in other countries, likely due to the prominent role of several women during the Paris Commune of 1871. In 1879, Hubertine Auclert gave a famous speech at the third French National Workers’ Congress, stating that she was present “not because I am a worker, but because I am a woman—that is, one who is exploited—a slave delegated by nine millions slaves.” [73] She, too, called for an alliance between the workers’ movement and the women’s movement, ending her speech with the words: “Oh, proletarians, if you wish to be free, cease being unjust. With modern science, with the awareness that science knows no prejudices, say: equality for all men, equality between men and women.” [74] Subsequently, the congress passed a resolution that emphasized the common experiences of workers of both genders, and women’s right to equal wages—but also women’s duty to look after the children.

The patriarchal family model appealed to those in the working class aspiring to mimic the lives of the middle and upper classes. Capital and the bourgeoisie saw the division of gender roles as a stabilizing factor within the workforce and in society at large. The only ones protesting were early feminists. The new academic field of humanities legitimized the division in the name of science. It stressed the physiological and psychological differences between the men and women, suggesting that woman's role as housewife corresponded to her nature. The only role for women in public affairs was to express empathy, as for example in the anti-slavery movement, where many women—prominent feminists included—got their first organizing experiences.

Racism and Biopolitics

The European workers' movement not only found it difficult to stand in solidarity with the women's movement, but it also showed an almost complete lack of sympathy for the struggles of indigenous and oppressed peoples in the colonies. This was particularly pronounced in the attitudes of the white US working class toward enslaved Africans. The attitudes of English workers toward Irish immigrants were similar: they were seen as competitors on the labor market and met with hostility. As a result of colonialism, racism and notions of European superiority emerged, and the mainstream workers' movement was far from immune to this. In *The Wretched of the Earth* , the psychiatrist and anticolonial militant Frantz Fanon wrote: "Latin America, China, and Africa. From all these continents, under whose eyes Europe today raises up her tower of opulence, there has flowed out for centuries towards that same Europe diamonds and oil, silk and cotton, wood and exotic products. Europe is literally the creation of the Third World." [75]

When Fanon wrote that Europe is the creation of the Third World, he meant it literally. This was not limited to material or economic aspects; in colonial discourse, "European" came to mean "civilized," other peoples were "barbaric." Such claims were made despite the obvious barbarism of European civilization. Democracy and social justice might have been hot topics in Europe and North America, but that did little to stop European oppression, plunder, and exploitation around the world. The distinction between "us" and "them" was necessary to justify this contradiction.

Racism reflects the hierarchical division of humankind created by colonialism. The dehumanization of the colonies' indigenous and oppressed peoples was a prerequisite for presenting the Western world as the supposed cradle of civilization.

An important element of this narrative was the drawing of an unbroken line from ancient Greece to the economic and political system of nineteenth-century Europe. It was said that explanations for the liberal market being the solution to all of our problems could already be found in Greek philosophy. The fact that ancient Greece was far more oriented toward the South and the East was conveniently ignored. Instead, a historical trajectory was invented that had no basis in reality. During ancient Greece's heyday, the societies of continental Europe were far less developed than many others across the world; Europe was an insignificant region. Only in the fourteenth century, with the onset of the Renaissance, was ancient Greece imagined to be the origin of European civilization. But even during the so-called Middle Ages, Europe was far from a world power, be it economically, politically, or culturally. The Christian legacy—allegedly a defining feature of European civilization—is also a historical fabrication. The founders of Christianity did not hail from Paris, Rome, or Berlin, but from the Middle East. Not only did the fathers of the Egyptian and Syrian churches, the world's oldest, have to be Europeanized, but also the holy family itself: Jesus was now represented as a blond, blue-eyed European.

Like patriarchy, racism was justified by science. The Aryan race was declared superior. It had the natural right, even the duty, to dominate the "primitive races." So-called racial hygiene was a widely accepted practice in early twentieth century Europe. Racism became popularized in literature, for example in Rudyard Kipling's famous poem "The White Man's Burden." Across Europe, Africans, Chinese, Indians, Bedouins, and Inuit were exhibited at fairs and carnivals. This was deemed acceptable due to the alleged hierarchy between the races. Asians, deemed "cultured" and ranked relatively high in the hierarchy, were exhibited in small wooden cottages. Africans and the indigenous people of European settler colonies were ranked lowest in the hierarchy and exhibited in cages.

There were already antiracist movements in Europe and North America in the late nineteenth century, but they were weak compared with both the workers' and the women's movement. Within the workers'

movement, the antiracist struggle shared the fate of the women's struggle and was subordinated to class issues. Just like gender, race only became a priority within the left in the 1960s. Subsequent theoretical approaches, such as *triple oppression* , would treat gender, race, and class as equally important.

Racism became highly institutionalized. In connection with the transformation of the dangerous classes into loyal citizens of the nation, the state became increasingly interested in citizens' concerns and aspirations, in their health, their education, and so on. This was now seen as a source of national strength and well-being. New sciences and politics emerged to properly surveil, control, and make use of the population. This is what Michel Foucault would later dub "biopolitics" or "biopower." [76]

The ruling classes' showing interest in the population's well-being was a new phenomenon. During the Middle Ages and the first centuries of modernity, "power over life," as Foucault put it, did not yet exist. Power was direct and brutal, a "power over death." The life of ordinary people was in the hands of the rulers and depended on their mercy. To control the population meant to frighten people into submission by acts of random violence.

Biopolitics means that the state controls the population by surveilling and registering citizens in the name of science. It considers a healthy population a precondition for economic productivity and social stability. This is closely related to the notion of the welfare state. The welfare state, however, was not implemented from above. The ruling classes were forced to implement it due to pressure from below. It was the workers' movement that demanded health benefits, unemployment insurance, and pension funds. The welfare state was a compromise between capital and the proletariat, mitigating class struggle. Capital benefited from healthy and content workers, but there was a sinister side to this process. The welfare system tied the workers to the nation state that provided for them. Biopolitics fostered nationalism, which, in turn, strengthened colonialism. Health and contentment for the people of some countries meant misery and death for those of others. Mark G.E. Kelly has called this phenomenon "biopolitical imperialism":

> "One might imagine that biopolitical imperialism would mean a flow of biopolitics itself outward into the periphery. I … argue that, though

> some movement in this direction does exist, it is not the main way in which biopolitical imperialism operates. Imperialism is a form of power that by and large does not care about the lives of its victims. Imperialism, therefore, is primarily thanatopolitical, a politics of death, contrasting with the biopolitics of the population found in the imperial metropole. There is, I … contend, a direct relation between the two things, in which death is figuratively exported and life imported back, in a systematic degradation of the possibilities for biopolitics in the periphery, arising out of the operation of biopolitics in the center." [77]

Kelly refers to the work of urban theorist Mike Davis for concrete examples of biopolitical imperialism. In case studies from India, China, and Brazil, Davis has shown how the imperialist powers—either through direct political intervention or by creating damaging economic conditions—have undermined public health and social welfare in these countries, in order to ensure profits used to finance public health and social welfare systems at home. One example was the massive export of foodstuffs from India to Britain in the late nineteenth century, at a time when masses of Indians suffered starvation: "Between 1875–1900—a period that included the worst famines in Indian history—annual grain exports increased from 3 to 10 million tons [equivalent to the annual nutrition of 25 million people]. Indeed, by the turn of the century, India was supplying nearly a fifth of Britain's wheat consumption at the cost of its own food security." [78]

As an example of how the British restructured the Indian economy without regard for the needs of the Indian people, Davis refers to the famine of 1899–1900, in which 143,000 Beraris died. During those years, writes Davis, "the province exported not only thousands of bales of cotton but an incredible 747,000 bushels of grain." [79] He adds: "India also had to finance British military supremacy in Asia. In addition to incessant proxy warfare with Russia on the Afghan frontier, the subcontinent's masses also subsidized such far-flung adventures of the Indian Army as the occupation of Egypt, the invasion of Ethiopia, and the conquest of the Sudan. As a result, military expenditures never comprised less than 25 percent (34 percent including police) of India's annual budget." [80]

The two very different forms of society that biopolitics created were not always separated geographically. In the settler colonies, they existed

alongside one another. This made it frighteningly obvious how the well-being of some meant the slavery, exploitation, and death of others.

Settlerism

We have pointed out the significance of both the workers' movement and imperialism for the improvement of wages and living conditions among the working classes of Western Europe. There was another important factor that made this possible: emigration to the colonies. This reduced the reserve army of labor and increased the bargaining power of those workers who remained.

Until World War I, there were few restrictions on the movement of European labor across national borders. [81] Passports were rarely used and immigrants obtained citizenship easily. [82] About seventy million people emigrated from Europe in the late nineteenth and the early twentieth centuries. Considering that about four hundred million people were living in Europe in 1900, this amounted to 17 percent of the population: 36 million went to the USA, 6.6 million to Canada, 5.7 million to Argentina, 5.6 million to Brazil, and smaller numbers to Australia, New Zealand, Rhodesia, South Africa, Algeria, and other colonies. [83] Today, the population of European descendants in the old settler colonies is bigger than that in Europe itself. [84]

Emigration also served as a safety valve to reduce social unrest. Cecil Rhodes, a pivotal figure in the colonization of southern Africa, made this very clear in 1895:

> "I was in the East End of London (a working-class quarter) yesterday and attended a meeting of the unemployed. I listened to the wild speeches, which were just a cry for 'bread! bread!' and on my way home I wondered over the scene and I became more than ever convinced of the importance of imperialism. … My cherished idea is a solution for the social problem, i.e., in order to save the 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must acquire new lands to settle the surplus population, to provide new markets for the goods produced in the factories and mines. The Empire, as I have always said, is a bread and

> butter question. If you want to avoid civil war, you must become imperialists." [85]

Mass emigration from Europe strengthened both the labor aristocracy in Europe and the labor aristocracy of European settlers in the colonies. It is important to emphasize the character of the labor aristocracy in the colonies, as Europeans were not the only immigrants. Immigrants from other countries, especially from India and China, also arrived, but under very different circumstances. Most of them were contract laborers, so-called "coolies." Together with slaves and the indigenous population, they had to do the hardest work for the lowest wage. They built railways and worked in mines and on plantations. Once they tried to better their situation, the European settlers saw them as rivals on the labor market. In the 1880s, the first restrictions on immigration from Asia were implemented. In Australia, European language tests for immigrants were introduced. Soon after, Australia enforced a full stop on immigration from China. The situation was similar in the USA, Canada, and New Zealand. By 1920, immigration for non-Europeans was heavily regulated in all of the English-speaking settler colonies. [86]

Settler colonies can be divided between colonies where the indigenous population was primarily driven off their lands (for example, in North America, Australia, New Zealand, and later in Israel) and colonies where the indigenous population was primarily exploited, for example in South Africa, Rhodesia, and Algeria. Settlers in the former category of colonies were looking for land. The local population was not asked for permission, they were displaced. [87] Of the roughly ten million indigenous people living in North America when colonization began, less than three hundred thousand remained in 1900, most of them confined to reservations. [88] The indigenous people had not surrendered their land, their resources, and their culture without resistance, but were repressed by brute force. The European settlers saw them as parasites to be extinguished. Marx wrote in *Capital* :

> "Those sober virtuosi of Protestantism, the Puritans of New England, in 1703, by decrees of their assembly set a premium of £40 on every Indian scalp and every captured red-skin: in 1720 a premium of £100 on every scalp; in 1744, after Massachusetts-Bay had proclaimed a certain tribe as rebels, the following prices: for a male scalp of 12 years and upwards £100 (new currency), for a male prisoner £105, for

> women and children prisoners £50, for scalps of women and children £50.” [89]

It is astonishing that white America—through pulp fiction and Hollywood films—was able to turn scalping into a supposedly indigenous practice. In reality, scalping was primarily used by settlers. [90] In the early eighteenth century, the colonial government paid generous rewards for the scalps of Native Americans. The exact amount depended on factors such as gender and age, with the goal being to make the violent oppression of indigenous people as effective as possible. [91]

The colonial government also resorted to biological warfare. In 1763, Fort Pitt (which later became modern-day Pittsburgh) was besieged by Delaware warriors during what was known as Pontiac’s War. When Delaware leaders offered the encircled troops safe passage from the fort to avoid an impending attack, the settler army entered negotiations and, as a sign of “goodwill,” offered the Delaware blankets, silk shawls, and linen—all of them infected with smallpox. Captain William Trent, who took part in the negotiations, noted in his journal: “Out of regard to them we gave them two Blankets and an Handkerchief out of the Small Pox Hospital. I hope it will have the desired effect.” [92] He later sent a bill to the British government: “Replace in kind those [items] which were taken from people in the Hospital to Convey the Smallpox to the Indians.” [93]

This is but one particularly well-documented example. According to the historian David Dixon, “it was deliberate British policy to infect the Indians with smallpox.” [94] The genocide suffered by the indigenous population was no accident, but was a deliberate act by European settlers and their political representatives. This was part of a republican ideology resting on the equation of liberty with private property. Under the leadership of Thomas Jefferson, an “empire of liberty” was built by destroying the commons of the indigenous peoples. [95] If these peoples didn’t surrender their lands voluntarily, war was the only answer. In 1790, Secretary of War Henry Knox ordered the US army to “extirpate, utterly, if possible” an Ohio gathering of Native Americans who had rejected demands to surrender their lands. [96] President Jefferson, in 1807, noted in a letter on indigenous resistance in Michigan: “[I]f ever we are constrained to lift the hatchet against any tribe, we will never lay it down till that tribe is exterminated, or driven beyond the Mississippi.” Jefferson added that if

“they will kill some of us, we shall destroy all of them.” [97] Those executing the political orders shared the same attitude. Most infamous is General Philip Henry Sheridan’s statement that “the only good Indians I ever saw were dead.” [98] The privatization of the indigenous commons, and the subsequent land speculation in connection with massive infrastructural projects such as the construction of railways and ports, are part of the primitive accumulation that made the success story of American capitalism possible.

In the settler colonies of Rhodesia, South Africa, and Algeria, land was an important issue as well. But apart from being driven from their lands, the local population was also forced to work in agriculture and mining. European settlers and locals were separated by apartheid systems. The obvious difference between the living conditions of two communities living on the same territory created strife of particular intensity. [99] The armed conflict leading to the liberation of Algeria in the 1960s cost one million lives.

While European settlers imposed European culture upon the indigenous people of the colonies, they also demanded independence from their countries of origin. The settlers wanted to harvest the fruits of colonial exploitation themselves rather than returning them to the motherland.

The USA: From Colony to Imperialist Superpower

The colonies of Asia and Africa did not establish strong capitalist economies. In the context of the capitalist world system, they remained primarily suppliers of raw materials and tropical agricultural products. They formed the system’s periphery.

Development in the settler colonies of North America—and later those of Australia and New Zealand—was very different. The settlers of these colonies gained (complete or relative) political independence from Europe early on. The USA became independent in 1776. This meant that the profits made by an exploitative settler economy now stayed, for the most part, in the country itself, which contributed to a domestic accumulation of capital. In roughly one hundred years, the USA went from being a colony to one of the world’s leading capitalist powers. What made this possible, and why did other colonies rich in resources, for example India, become part of the periphery instead?

Let us compare the colonization of North America in the seventeenth century with that of South America one hundred years earlier. Portugal and Spain were feudal societies. They arrived in armor, intent on conquering and plundering any society they encountered. They built colonial economies based on feudalism, with big estates and plantations. The labor force consisted primarily of slaves. In North America, the early colonists were merchants and plantation owners with an interest in trade. Investments were important. They had a long-term vision for themselves.

In the beginning, the merchants bought fur and agricultural products from small farmers for export. Tobacco was one of the most important trading goods. When big plantations were established, production was also geared toward export. The plantations produced sugar, rice, and cotton. To acquire land—*a lot* of land—was no problem, but the cost of waged labor was high. Attempts to establish a cheap labor force based on the forced labor of prisoners and the indentured labor of impoverished peasants and craftsmen from Britain failed. Once the latter arrived, they fled the plantations and looked for land of their own. What really made the plantation economy blossom was slavery.

While the merchants and plantation owners of North America had close ties to British merchant capital, the vast majority of European settlers had none. They were mainly displaced peasants and proletarianized craftsmen who had come to America to find land and work. They had not come to return anything to Europe. Many of them had also suffered political or religious persecution. These men and women were determined to stand up for their beliefs. They had no attachment to the countries they came from, neither economically nor politically nor religiously. This was an important factor in the later separation from Britain.

From the perspective of merchant capital, these settlers weren’t of much use. They didn’t produce anything that could be exported to Europe for a profit, and they hardly bought anything from Europe. Their communities were largely self-sufficient. Early on, industrial capitalists in Britain expressed concern about the development of North America. They saw a powerful rival coming. This was the reason for England introducing protectionist laws in the early eighteenth century—which only augmented the tensions between the settlers and the European governments.

The relationship between the settlers and the European powers was ambiguous. On the one hand, the settlers were agents of the latter, the

colonizers on the ground. They administered the colonial territories and brutally crushed any resistance by the indigenous population. On the other hand, their ambition was to become independent. They developed their own national identities and came to see the European powers as forces of occupation that robbed them of their own wealth. In an ironic twist, the settlers themselves became anticolonial. This was not limited to North America; in South Africa, the Boers, settlers who had arrived from the Netherlands, fought brutal wars against the British over the control of the territory and its riches, using the rhetoric of revolutionary republicanism to justify their cause. [100]

Until the end of the nineteenth century, the economy of North America was characterized by two things: a surplus of fertile land and a shortage of labor. The two were connected: labor was expensive because land was cheap. As Marx explained: “Hence the relatively high standard of wages in the United States. Capital may there try its utmost. It cannot prevent the labor market from being continuously emptied by continuous conversion of wages laborers into independent self-sustaining peasants.” [101] In 1759, the governor of Virginia, Francis Fauquier, expressed his distress over not being able to recruit people into the army: “Every man in this colony has land, and none but Negroes are laborers.” [102]

Agriculture was the mainstay of the economy during the early colonization of North America. The grains and agricultural products of New England were mainly used for local consumption, but wheat and fish were exported to the English colonies in the West Indies. In the South, agriculture was always export-oriented. There was an abundance of tobacco plantations in Virginia and Maryland. The leaves were exclusively exported to England where, to the frustration of the tobacco planters, imports were highly taxed. Once the leaves were processed, England exported tobacco goods to the rest of Europe tax-free. The rice produced in the swamps of South Carolina was also exclusively exported to England, which resold it to Germany and Italy, undercutting Egyptian competition. South Carolina also exported indigo, which was used for dyeing textiles. The labor shortage was a big problem for the plantations in the South, solved by slavery. From 1700 to 1781, 256,000 captive laborers arrived. The number was modest compared with the West Indies, yet there was an important difference: in the West Indies, slaves were worked to death and replaced with new captives, whereas the settlers of North Americans tried to reproduce the existing slave population.

The Southern plantation colonies were closely linked to English merchant capital but, unlike the colonies of the West Indies, they were not governed by English trading companies. North American settlers demanded to be treated with respect by the English.

- *France in North America*

The political situation in North America was not only characterized by tensions between the settlers and the English government. There were also conflicts between competing European powers. The Dutch had lost New Amsterdam (modern-day New York) to the English in the 1660s and no longer were a factor in the division of the continent, but the French had a significant presence. Most of the French settlers hailed from Canada where they lived as hunters and traders. They founded Quebec City in 1608 and settled along the Saint Lawrence all the way up to the Great Lakes. From there, they followed the Mississippi south and founded New Orleans at its delta.

The background to the colonial presence of the French in North America was different from that of the English. In both England and France, the conflict between the feudal aristocracy and the bourgeoisie took on a religious dimension with Catholics and Protestants fighting one another. But the outcomes were different. In France, the Catholics had the upper hand. When the Huguenot Henry IV became king, he converted to Catholicism, famously remarking that “Paris is worth a mass.” Cardinal Richelieu, the second most powerful figure in the French state after Henry IV, implemented an absolutist regime which relied on strong feudal forces able to control a still weak bourgeoisie. For the French colonies this meant that they were largely governed from France with an iron hand.

The French colonies in North America stretched over an enormous territory, but were sparsely populated. It required many French troops to protect them. Economically, they were rather insignificant. The economy mainly consisted of hunting, the trade in fur and lumber, and fishing in the Gulf of St. Lawrence. French settlers were significantly outnumbered by settlers from England. In the year 1700, there were 15,000 French settlers and 360,000 from England. Yet, the French possessions encircled the English ones and hindered English expansion both to the west, the north,

and (at least partly) to the south. England and France were used to going to war in Europe. Now it was time to do so in North America.

With the 1713 Peace of Utrecht, which ended what was known as the Spanish War of Succession, France was forced to hand most of Newfoundland and Nova Scotia to the English. This didn't settle matters, however, for both countries still claimed Ohio. War broke out in 1752; it would last seven years. In its earliest phase, the English settlers were no match for the regular French troops, but in 1757 fortunes shifted when England sent its navy, blockading the sea lanes used by the French to send supplies. The English also provided troops. English victory was secured at the Battle of Quebec in 1759. France had to give up further territories in Canada as well as Louisiana east of the Mississippi. Spain, which had supported the French, was forced to give up its only possession in North America, Florida. England now ruled over North America from Hudson's Bay in the north to the Florida peninsula in the south, and from the Atlantic coast in the east to the Mississippi in the west. France was never again able to threaten English dominance on the continent.

- *England in North America*

Against their common enemy, the French, the English settlers of North America and the English government joined forces. But this alliance of convenience was far from harmonious. The economic interests of the parties involved were too different. English merchant capital tried to enforce monopolies in the trade with North America. This especially infuriated the settlers of New England, who produced many of the same goods as the English. At the same time, they were able to sell fish and a number of agricultural products on the Caribbean market for lower prices than the English, which meant huge losses for the motherland. Furthermore, the North American colonies imported sugar, rum, tobacco, and other Caribbean products without the involvement of English merchants. The English government tried to prevent the trade between the North American and Caribbean colonies with the help of strict trade regulations and customs laws, but this only led to an increase in counterfeit goods. When the English government responded with increased law enforcement and legal persecution, tensions with the settlers only magnified.

The two parties didn’t see eye to eye regarding the land question either. This became particularly obvious when it came to dividing the territories recently won from the French. The farmers of New England, the plantation owners of the South, and American merchants all made claims, but so did English capitalists. The English government passed a law granting control over the territories to the English crown. Wild speculation followed, benefiting English capitalists, merchants, officials, and landowners. For the settlers, it only confirmed that any ongoing alliance with the English motherland would be an obstacle to their own economic development.

The war with France had led to an economic boom in New England. The European governments sent money to pay the soldiers’ wages and their supplies, while American merchants made a fortune in illegal trade with France and Spain. Meanwhile, England had to cover the expenses. One of the measures taken by the government was the passing of new customs fees and import tariffs in 1767. A special department was established in Boston to oversee their implementation. The settlers were outraged. Plantation owners, merchants, and farmers were united in their opposition to what they perceived as ongoing exploitation by the English. When, in December 1773, merchant ships belonging to the East India Company arrived in Boston to unload tea, the Americans refused to pay the tariffs and told them to sail away. The dispute resulted in the famous Boston Tea Party, when a group of settlers disguised as Mohawks stormed three English ships and threw 342 chests of tea into the sea.

When the English government strengthened its colonial administration, the settlers became determined to end all trade with the motherland. When the English sent troops to restore order, the settlers declared independence in 1776. This led to the seven-year War of Independence, which pitted an alliance between American settlers and the governments of France and Spain (the latter hoping to win back Florida) against the English army, supported by German mercenaries. French soldiers fighting alongside the settlers gave the secessionists a decisive advantage. In 1783, a truce was signed in Paris. England had to accept the proclamation of the United States of America as an independent country. Florida was returned to Spain. England kept Canada.

- *The Rise of the USA*

What did the class composition of the newly independent USA look like? The African population comprised about 20 percent of the country at the time, but the numbers varied widely between regions. In New England, people of African descent made up less than 3 percent of the population, in New York 14 percent, and in South Carolina 60 percent. [103] The European settlers could roughly be divided into the following groups: 10 percent capitalists, plantation owners, and merchants; 20 percent big farmers and urban middle class; 40 percent small farmers; 10 percent craftsmen; 15 percent temporary workers, aiming to acquire land and become farmers; 5 percent workers. [104] This meant that about 80 percent of the European settler population could be counted as members of the bourgeoisie and propertied petty bourgeoisie. Below the European settlers in the social hierarchy were slaves, the proletariat of low-waged Africans, and immigrants from Latin America and Asia. The European settlers formed, so to speak, the country's natural labor aristocracy.

At the beginning of the nineteenth century, the US economy was a reflection of the world economy. In England, the Industrial Revolution had unfolded against the background of colonialism. In the USA, industrialization unfolded against the background of internal colonialism: the oppression of the indigenous peoples, the exploitation of the proletariat, and—last but certainly not least—slavery.

Slavery is often exclusively associated with the cotton and tobacco plantations of the American South. But long before the plantation economy blossomed in the mid-nineteenth century, slavery was already an integral part of the North American economy. Dutch settlers had forced African slaves to work in construction and agriculture, and slaves were used across the country as domestic servants. In 1820, there were about two million slaves in the country. Their value has been estimated at over one billion US dollars, that is, about 20 percent of the total value owned by Americans at the time. [105]

Slavery was fully integrated into the capitalist economy. Both the slave trade and the plantation economy were highly lucrative businesses financed by a flourishing American banking and finance sector. Cotton was not only the most important good produced by slave labor but was also the most important raw material for global capitalism. Economist Susan Grigsby: "In 1860, the Southern slave labor camps provided 88 percent of the cotton used in Great Britain's cotton mills. … Cotton went from 14 percent of the

total American exports in 1802 to 61 percent by 1860. The United States share of the worldwide cotton market climbed from 1 percent in 1801 to 66 percent by 1860." [106] The fact that the US controlled the world market for cotton was a clear sign of the USA emerging as a new superpower in the capitalist world system.

For the renowned African-American scholar W.E.B. Du Bois, capitalism implied racism. Cotton was produced by enslaved people on stolen land. The history of slavery and that of capitalism are inseparable. Capitalism has always exploited and reproduced notions of racial difference. In *Black Reconstruction in America* , published in 1935, Du Bois wrote: "Black labor became the foundation stone not only of the Southern social structure, but of Northern manufacture and commerce, of the English factory system, of European commerce, of buying and selling on a world-wide scale; new cities were built on the results of black labor, and a new labor problem, involving all white labor, arose in both Europe and America." [107] For Du Bois, the Black worker is subjected to both capital and white supremacy. In his analysis, the slave plantations of Mississippi, the financial and trading institutions of Manhattan, and the mills of Manchester all belonged to one and the same system. The history of the white working class is intrinsically tied to the privileges of whiteness. Du Bois wrote of "wages of whiteness" against the background of a global economy in which places such as Mississippi, Manhattan, and Manchester were tied together by white supremacy. While the white working class of the United States praised liberty and freedom, racist practices and laws were commonplace.

Between 1790 and 1860, the population of the USA rose from four to thirty-two million people. Immigrants flocked to the newly independent country to start new, more prosperous lives. They settled all across the continent. There was a strong commitment to bring even the most remote areas under settler control. President Thomas Jefferson declared in 1801: "However our present interests may restrain us within our own limits, it is impossible not to look forward to distant times, when our rapid multiplication will expand itself beyond those limits and cover the whole northern, if not the southern continent, with a people speaking the same language, governed in similar form by similar laws." [108]

A few years later, this sentiment was made official in the Monroe Doctrine, which declared that the United States would defend all of the

Americas against European influence. The unspoken implication was that the Americas would be controlled by the United States.

- *Industry and Agriculture*

The USA's economic development during the nineteenth century was characterized by a surplus of land and a shortage of labor (especially skilled labor). Poorly paid workers could always go west and find land. This led to wages twice as high as those of England. In the second half of the nineteenth century, average wages in the USA were 50 percent higher than in Europe, even though most American workers were unskilled. Skilled European workers had little reason to emigrate, as they could find fairly well-paid work at home. [109]

The shortage of labor in the US provided a strong incentive to develop labor-saving technology. The US set new standards in replacing manual labor with machines, both in manufacturing and agriculture. State-of-the-art iron and steel plows were produced and sold by the thousands. The US plows presented at the 1851 Great Exhibition in London were far superior to the ones produced in Europe. [110]

One of the most important innovations was the horse-drawn combine harvester. It had been invented in 1833 by Cyrus McCormick, a Scottish immigrant. His model was put to production in Chicago by the International Harvester Company, which remains an industry leader to this day. By 1855, more than ten thousand horse-drawn combines were in use in the USA. This solved the labor shortage that had been a particular problem during harvest season. The horse-drawn combine doubled the productivity of a laborer's work. Mechanical threshing machines and seed drills had already been introduced in the 1830s, at a time when they were virtually unknown in Europe. Such technological innovations led to industrial farming on the East Coast. Small farmers who could not adapt went bankrupt, many of them going west to start anew.

The increase in agricultural productivity was one of the requirements for the USA's industrialization. Agricultural production in the US was not only able to satisfy domestic needs but could also deliver valuable goods for export. It allowed American industry to grow. But the transformation of agriculture also meant an end to self-reliance. Before the Industrial Revolution, the settlers produced most of what they needed themselves.

Farming was combined with craft production. With the industrialization of agriculture, self-sufficiency was dying out. Even the small farmers remaining were now focusing exclusively on agricultural production, as it had become more profitable. As a consequence of the Industrial Revolution, many of the consumer goods formerly produced at home were now produced cheaper—and with more durable materials—in factories. Within a short time, agricultural workers became lucrative customers for both agricultural machinery and consumer goods.

At first, English industry benefited from this, as it exported consumer goods to the US. But this would soon change, for two reasons: First, the American government introduced protectionist policies. Second, American industry quickly became very competitive. Paradoxically, this was a result of the shortage in skilled labor and of high wages. As in agriculture, American industrialists were forced to compensate for the shortage of labor with mechanical innovation. [111] In the 1840s, the conveyor belt was introduced in slaughterhouses and the meat packing industry. Animals dangling from a crook moved from worker to worker. One of them cut open the carcass, another took out the heart, another cut off a leg, and so on, until all of the meat was salted and packed. The entire animal was used. The parts that could not be made into food were used to produce leather, soap, and candles.

The conveyor belt soon spread to other industries. An arms manufacturer, Eli Whitney, introduced changeable standard parts in arms production. As the story goes, he had got a contract for the delivery of ten thousand guns to the government. At the time, each gun was made from parts individually produced by a gunsmith. Whitney could not find enough skilled gunsmiths to process the government order in time, so he developed machines that produced standardized gun parts with such accuracy that they could be assembled by unskilled workers. This is a prime example of machinery replacing manual labor. [112] Standardized parts were soon widespread in the production of locks, clocks, sewing machines, typewriters, and agricultural tools. Craftsmanship was replaced by mass production. One of the first mass-produced consumer goods was the iron stove. In the 1850s, more than one million of them came out of US factories. [113] Furniture was now mass-produced, too, the furniture market having become very lucrative, since more and more people flocked to the big cities and were in need of housing.

Mass production had been made possible not only by technological innovation but also by an ever more effective organization of production. James Bonsack invented a cigarette rolling machine that could produce 120,000 cigarettes a day. It was put to use by the American Tobacco Company, which soon came to dominate the entire industry. [114]

Mechanization and labor-saving technology were central factors for the rise of US industry and capital. But there were also others: the domestic market grew and made mass production profitable; the consolidation of the federal government meant the abolition of customs and tariffs in inter-state trade; the government invested enormously in the country's infrastructure, building roads, railways, and canals; and, finally, a common currency was introduced.

Before the end of the nineteenth century, industrial productivity in the US was higher than in the birthplace of capitalism, England. The domestic market had strong purchasing power. The stage was set for a capitalist superpower to show its might.

- *Slaves, Immigrants, and Imperialism*

The profit rates of US capital were secured by the exploitation of both an internal and an external proletariat. Until World War II, the European colonization of Asia and Africa stood in the way of the US trading with Asian and African countries. The US focused on trade within the Americas and the Caribbean instead. There, despite having to compete with England and Spain, they soon dominated the market.

The Spanish empire was crumbling. In the Spanish–American War of 1898, the US conquered Puerto Rico, Cuba, and the Philippines. Due to liberation movements led by the national bourgeoisies, Spain had already lost control over the territories before they officially passed to the US. Now, these movements caused bigger problems for the Americans than the Spanish did. This was particularly true in the Philippines, where a bourgeois national revolution had ousted the Spanish colonizers. The US had to ship more than half of its troops, 1.2 million soldiers, to the country in order to defeat the independence movement in a brutal war that lasted over three years and in which up to one million Filipinos lost their lives. [115] Just as various European governments divided Africa between themselves, the US

periphery was now no longer limited to the Americas but spread far into the Pacific Ocean.

During the colonization of the Philippines, US generals built on the experiences of crushing indigenous resistance during the colonization of North America. In the so-called Indian Wars, the American military developed counterinsurgency tactics aimed at destroying the very fabric of indigenous life and culture. The same methods were now employed in the Philippines. The military apparatus of settler colonialism became a tool of imperialism. It was used throughout the twentieth century in numerous foreign interventions by the US military, now the most powerful in the world. Among other things, this allowed for the ongoing exploitation of an external proletariat.

The internal proletariat of the USA had grown significantly in the nineteenth century. Between 1830 and 1860, 4.5 million new immigrants arrived in the country. Two thirds of them were Irish or German, most of them had belonged to Europe's reserve army of labor. For many Europeans, times were hard during the Industrial Revolution. In Ireland there was widespread unemployment and the devastating famine of the late 1840s. The booming US economy put pressure on Europe. The new Irish, German, Italian, and Polish proletarians were put to work in factories alongside Black, Latino, and Asian colleagues. The privileged positions of skilled laborers and foremen were largely reserved for the Anglo-Saxon settlers. They received the highest working wages—not just in the US, but in the world.

Slavery was abolished in 1865, but freed slaves faced deep racial hostility. Racial hierarchies did not simply disappear with the institution of slavery. Black workers were seen as competitors and faced racism and violent attacks by white workers. "Whiteness" became an asset for recent European immigrants, a kind of symbolic capital. It promised better wages and working conditions.

At the beginning of the twentieth century, the American working class was sharply divided into three tiers: At the top was the Euro-American labor aristocracy, a privileged layer of skilled workers that constituted about 25 percent of the industrial working class, had a monopoly on the best paid jobs, and was organized in the American Federation of Labor (AFL). One step below were the recent immigrants from Europe, who made up 50–75 percent of the industrial working class, resided in the big northern cities,

were unskilled, poorly paid, and excluded from the trade unions and better jobs. At the bottom was the colonial proletariat of Africans, Latinos, and Asians. They did the hardest work for the lowest pay, whether it was in factories or mines, on fields or construction sites, or along the railways. The cotton industry in the South, which had always played a central role for the US economy, was largely based on African-American labor. Cotton production tripled between 1870 and 1910, accounting for 25 percent of total US exports. African-American labor was also essential for the coal mines of Alabama and the country's iron and steel industry. In the Southwest, Mexicans, Asians, and Native Americans worked in agriculture, on cattle and sheep farms, in mines, on the railroad, and in the urban service industry. The workers at the bottom of the labor hierarchy earned about four dollars a week. The industrial workers who had recently arrived from Europe earned six to ten dollars a week. Members of the labor aristocracy earned fifteen to twenty dollars a week. [116] One of the reasons for these comparatively high wages was the exploitation of an internal proletariat that ranked lower than the labor aristocracy. This did not exist in Europe in the same way.

After gaining their independence from England, the settlers in the US managed to establish a strong national economy, transforming North America from a periphery within the world capitalist system into its new center. In the early twentieth century, the US had all the requirements for rapid capitalist development: a big domestic market, strong purchasing power, and high industrial profits. The constant flow of value that was required to maintain protectionist policies and a (white) national labor aristocracy was secured by the privatization of the indigenous peoples' commons, the exploitation of an internal proletariat (formerly, of slaves), and imperialist policies in the West Indies, in Central and South America, and in the Pacific region.

The transformation of the US from colony to imperial superpower marked an overall shift in the power structure of global capitalism. Between 1860 and 1913, the world's industrial production grew sevenfold. In England it tripled, in France it quadrupled, in Germany it grew sevenfold, and in the US twelvefold. The days of England being the world's industrial powerhouse were over. [117]

chapter 2.

Nationalism and Internationalism

INTERNATIONALISM PLAYED A CENTRAL ROLE IN the early socialist movement. In *The Communist Manifesto* , Marx and Engels predicted that national differences and contradictions between different peoples would gradually disappear. [118] This did not happen. In his later work, Marx was very conscious of the dividing effect that nationalism and colonialism had on the workers' movement. He was frustrated over the lack of international solidarity. Yet, rhetorically, internationalism was held high within the movement. For Lenin, establishing socialism meant world revolution. He doubted that the Soviet state could survive if the revolution did not spread to Western Europe.

Nationalism had become an entrenched aspect of international politics during the nineteenth century, related to the rise of the nation state. Colonialism strengthened inter-state rivalry and provided a further boost to nationalist sentiments. It was broadly supported by the peoples of Europe. What they demanded for themselves—"a united nation for a united people"—was apparently not something they granted the peoples of other continents.

The contradiction between nationalism and internationalism caused many tensions within the socialist movement. This was particularly pronounced in one of Europe's most powerful nations, Germany.

German Imperialism

Until 1850, the German territories were feudal and poorly developed. During the second half of the nineteenth century, Germany was united in a nation state and moved from a semi-peripheral position in the capitalist world system to a central one. The capitalist world system, fueled by British colonialism, had become strong enough to extend its center. [119] The aristocratic German landowners, known as Junkers, became very wealthy providing foodstuffs to the English empire. Based on their riches, an industrial and financial bourgeoisie emerged. [120] When the leading industrial nations of the time—England, France, the Netherlands, and Belgium—were

troubled by economic crises in the late nineteenth century, Germany, together with the US, developed into a new major industrial player.

Both German landowners and industrialists (the classes that carried out the country's industrial revolution) petitioned the German government to acquire colonies in order to secure access to raw materials and colonial goods such as rubber, vegetable oils, and textiles. This was deemed necessary if Germany was to compete with England, France, and the US. Field Marshal Paul von Hindenburg, later president of the German Reich, formulated this clearly: "Without colonies no security regarding the acquisition of raw materials, without raw materials no industry, without industry no adequate standard of living and wealth. Therefore, Germans, do we need colonies." [121]

Others argued in the vein of Cecil Rhodes. For the German landowner and colonialist Ernst von Weber, colonies were essential to solving the problems of overproduction and overpopulation. Otherwise, he warned, the country would be engulfed by a violent social revolution. [122]

By the 1890s, Germany had built a strong merchant fleet. It operated mainly in the Mediterranean, competing with the English and French, but its bases extended all the way to the south coast of China. Germany's military fleet was powerful, too. By 1906, Germany's colonial possessions included East Africa (modern-day Tanzania), South West Africa (modern-day Namibia), Cameroon, New Guinea, Togo, the Caroline Islands, Palau, the Marianas, the Marshall Islands, Samoa, and Jiaozhou Bay in China. In some of these colonies, Germans settled in significant numbers. The total territory in German possession equaled that of India. Furthermore, Germany dominated the economies of Bulgaria, Romania, and Turkey. [123]

It was in the context of the country's colonial history that the notion of the German master race first developed. The Nazis' racial ideology had its origins in the colonial period, which already included genocidal practices, especially in the oppression of the Herero of South West Africa. [124] In many ways, Germany's treatment of the Herero was a prelude to the Holocaust. The Germans established concentration camps where up to twenty thousand prisoners—two thirds of them women and children—were forced to live and work under appalling conditions. Many died as a consequence of exhaustion, disease, and mistreatment; 67 percent of the men forced to work on the railroads did not survive. Rape was so widespread that 90 percent of the German soldiers serving in South West Africa contracted sexually

transmitted diseases. The Herero were also subject to racist medical research: classifications of their skulls and genitals were meant to confirm that white Europeans were of a superior race. [125]

Some of the central terms of Nazi rhetoric were first introduced during this period, for example *Lebensraum* , literally "room to live," which became a catchphrase for the expansion of German territory, and *Endlösung* , the "final solution," a euphemism for genocide—at the time used for the Herero, later for Jews, Roma and Sinti, and other communities. Heinrich Göring, father of the prominent Nazi Hermann Göring, was South West Africa's first governor. Franz von Epp, a leading Nazi official in Bavaria, where he was responsible for the establishment of the Dachau concentration camp and the near-total extermination of the Jewish community, was an officer in the colony. Eugen Fischer, a medical doctor whose theories on eugenics and racial hygiene had a strong impact on Hitler, did field work in Namibia. Later, Fischer became a member of the Nazi Party and the regime provided him with his own institute, where SS doctors were trained to serve in the concentration camps. Numerous colonial administrators were also used by the Nazis to oversee the occupation of Eastern Europe during World War II. [126] The brown shirts of the early SS provided a very tangible connection to German colonialism: they were leftover uniforms of the colonial *Schutztruppen* ("protective forces") bought by the Nazis after Germany lost its colonial possessions in World War I. [127]

The establishment of a colonial empire cannot be separated from political developments in Germany itself. Bismarck's government introduced a predecessor to the European welfare state of the twentieth century. Health insurance was introduced in 1883, accident insurance in 1884, and a pension system, including disability pensions, in 1889. [128] Meanwhile, Germany's rising economic and political influence turned it into a center of the European socialist movement. Socialist parties and trade unions were established, with growing divides between reformist social democrats and revolutionary communists. The Social Democratic Party of Germany (SPD) became a flagship for reformist socialism and attracted broad support from the top tiers of the German working class. One of the Party's founders and most prominent figures, Wilhelm Liebknecht, said at the 1892 Party congress: "You who sit here are also, most of you, aristocrats to a certain extent, among the workers—I mean in so far as income is concerned. The laboring population in the mining regions of Saxony and

the weavers of Silesia would regard such earnings as yours as the income of a veritable Croesus." [129]

The leading ideologue of German social democracy was Eduard Bernstein. Bernstein criticized Marx on several points. In his 1899 book *The Preconditions of Socialism* , he stated, contra Marx, that capitalism would not lead to a polarization between rich and poor, pointing out that the living conditions of the German working class were improving. For Bernstein, this was proof that the working class could better their situation within the capitalist system. Since they comprised a majority of the population, workers could seize state power by electoral means and introduce socialism without resorting to revolutionary violence. Bernstein's revision of Marx became the DNA of European social democracy. In the decades to come, the social democratic parties of Europe would repeatedly choose the interests of capital and the nation over socialism.

Bernstein opposed the notion that "working men have no country," as Marx and Engels had written in *The Communist Manifesto* . Bernstein conceded that this might have been the case in the 1840s, but claimed it no longer held true. Workers had become citizens of their nation states, equipped with political and social rights, not least due to the efforts of the social democrats. For Bernstein, the social democrats' task was to reconcile the interests of the working class with those of the nation. Only this would advance working-class politics. This implied that the social democrats had to support colonialism. Bernstein agreed that in order for it to progress, Germany needed to have ready access to raw materials and tropical goods. [130]

The connections drawn by Bernstein between the interests of the German working class and colonialism were logical. Only colonialism made it possible for the situation of European workers to improve. Colonial profits allowed capital to mitigate the social contradictions within the European countries. It helped turn the dangerous classes into loyal citizens. The specter of revolution was contained.

Colonial and racist attitudes among German social democrats were barely concealed. The SPD supported imperialist ambitions in China and was a strong opponent of Chinese immigration, since the "coolies" were seen as a threat to European proletarians. [131] At the SPD's congress in Mainz in 1900, Rosa Luxemburg was the only member who condemned

imperialist attitudes. In the USA, the Socialist Party had already passed a resolution against “yellow immigration” in 1885. [132]

With its reformism, its support for colonialism, and the equation of working-class and national interests, the social democratic parties abandoned the principle of international solidarity and became an integral part of the imperialist system. This was reflected in the official policies of the Second International. When colonialism was debated at the International’s congress in Stuttgart in 1907 (only three years after the genocide against the Herero in South West Africa), Bernstein made the following comment, approved by SPD luminary Ferdinand Lassalle: “People who do not develop may be justifiably subjugated by people who have achieved civilization.” Bernstein added: “Socialists too should acknowledge the need for civilized peoples to act like the guardians of the uncivilized. … Our economies are based in large measure on the extraction from the colonies of products that the native peoples have no idea how to use.” [133]

The common view among European socialists at the time was that colonies should only be granted independence once the working classes of the developed nations had come to power. The idea that the colonized peoples of Asia and Africa could become independent in a capitalist world seemed outlandish to them. The proceedings on the colonial question by a commission summoned by the International are telling. One member, Hendrik van Kol, a Dutch plantation owner on the island of Java, insisted that the values of civilization had yet to reach the colonial world: “Suppose we bring a machine to the savages of central Africa. What will they do with it? Perhaps they will start up a war dance around it. (Loud laughter.) Perhaps they will kill us or even eat us…” [134] The minutes of the congress are full of similar remarks. Lenin, who was present, reported: “Bernstein and David urged acceptance of a ‘socialist colonial policy’ and fulminated against the radicals for their barren, negative attitude, their failure to appreciate the importance of reforms, their lack of a practical colonial programme, etc.” [135] Another German social democrat, Eduard David, put it bluntly: “Europe needs colonies. It does not have enough of them. Without them, we would be economically like China.” [136] One is tempted to say: “Exactly.”

Lenin and the communists described the social democratic position as “national chauvinism,” “social imperialism,” and “class treason.” The

conflict that followed led to a split in the Second International: the social democratic wing kept the name but lost most of its influence, while the communist Third International—also known as the Comintern—formulated a clear anticolonial position and came to play a significant role in world politics.

In Germany, the social democratic strategy of prioritizing national interests over class interests continued to succeed. Under the ideological leadership of Karl Kautsky, the SPD became Europe's strongest and most influential social democratic party. In the 1912 Reichstag elections, it received 34.8 percent of the popular vote, more than any of the other contenders. In 1914, it joined the liberal and conservative parties in their decision to use bonds to finance the war, despite desperate appeals by revolutionary socialists across Europe to prevent a military conflict that in all likelihood would devastate the continent. But the SPD's decision simply followed from its nationalist line, as it supported German capital in its fight against England and France for global dominance.

Germany was defeated in the war, which caused a severe economic and political crisis. On November 3, 1918, sailors from the German fleet stationed in Kiel rose up. In various towns and regions across Germany, workers' and soldiers' councils were established. Kaiser Wilhelm II abdicated and a republican government was formed by the SPD under the leadership of Friedrich Ebert.

The SPD was determined to prevent the Bolshevik Revolution spreading to Germany. They sought a compromise with the power structure of the Kaiserreich, its bureaucracy, military leadership, and economic system. Administration, trade, and industry were to remain in the hands of the bourgeoisie. In return, full voting rights for workers and women, the eight-hour workday, unemployment benefits, and collective bargaining were introduced.

In January 1919, Ebert ordered the German military to crush the Spartacist uprising in Berlin, led by Rosa Luxemburg and Karl Liebknecht. About 1,500 revolutionaries were executed under the auspices of SPD Minister of Defense Gustav Noske. [137] The defeat of the revolution in Germany meant that the Russian revolutionaries remained isolated. Lenin had seen Germany as a crucial piece in the puzzle of world revolution. The German experience put an end to all revolutionary attempts to establish socialism in Western Europe. [138]

Lenin's Theory of Imperialism

With the revolutionary socialist movement in Western Europe defeated, the integration of its working classes into the parliamentary system was complete. Social democratic parties enjoyed mass support among European workers. It is therefore no surprise that the most important contribution to the analysis of imperialism came from a country at Europe's periphery, Russia, in the form of Lenin's writings.

Friedrich Engels had suggested that England losing its industrial monopoly would lead to a political and economic crisis that, in turn, would strengthen revolutionary forces. This never happened. Instead, developments in Europe strengthened reformism. Lenin understood that the reason was the imperialist system. The betrayal of the working classes by their leaders was simply a logical consequence of this situation. In August 1907, Lenin wrote:

> "Only the proletarian class, which maintains the whole of society, can bring about the social revolution. However, as a result of the extensive colonial policy, the European proletarian partly finds himself in a position when it is not his labour, but the labour of the practically enslaved natives in the colonies, that maintains the whole of society. The British bourgeoisie, for example, derives more profit from the many millions of the population of India and other colonies than from the British workers. In certain countries this provides the material and economic basis for infecting the proletariat with colonial chauvinism. Of course, this may be only a temporary phenomenon, but the evil must nonetheless be clearly realised and its causes understood in order to be able to rally the proletariat of all countries for the struggle against such opportunism." [139]

Being familiar with Marx and Engels' texts on the labor aristocracy, Lenin wrote:

> "It must be observed that in Great Britain the tendency of imperialism to split the workers, to strengthen opportunism among them and to cause temporary decay in the working-class movement, revealed itself much earlier than the end of the nineteenth and the beginning of the twentieth centuries; for two important distinguishing features of imperialism were already observed in Great Britain in the middle of

> the nineteenth century—vast colonial possessions and a monopolist position in the world market. Marx and Engels traced this connection between opportunism in the working-class movement and the imperialist features of British capitalism systematically, during the course of several decades.” [140]

Lenin regarded imperialist opportunism within the working class as a huge obstacle to socialism. He vehemently opposed the developments in the Second International. [141] The conflict between reformists and revolutionaries within the socialist movement was tightly connected to this question. In October 1916, Lenin addressed the issue in a short text titled “Imperialism and the Split in Socialism.” [142] That same year, in the midst of World War I and while living in Swiss exile, Lenin wrote his famous text *Imperialism, the Highest Stage of Capitalism* . [143] The text is hardly of the same magnitude as *Capital* , but it provided an apt description of international economics and politics in the early twentieth century. Lenin had been inspired by Marx and Engels’ writings on colonialism and by Rudolf Hilferding’s book *Finance Capital* from 1910, which described the emergence of a new form of capital, separated from production. Another influence was the book *Imperialism* by the English economist John A. Hobson, published in 1902. Hobson had not only popularized the term “imperialism,” but also provided the first economic study of the imperialist system. [144] He explained why capital needed colonial markets and relied on the exploitation of foreign territories. Hobson was also the first to speak of the colonizing power as a “parasite” on the colony. He expected the future rulers of European countries to consist of a wealthy elite, mainly working in finance. In his estimation, they would keep the masses content by paying them relatively high wages for service-oriented jobs. [145] Lenin adopted the terms “imperialism” and “parasitism,” but extended the analysis.

In *Imperialism, the Highest Stage of Capitalism* , Lenin described the increasing monopolization of capital. It entails, in short, that fewer and fewer firms control an ever larger share of the market. Lenin also described capital’s never-ending quest to find new opportunities for investment and new markets, which makes its global expansion as well as conflict between competing imperialist powers inevitable. Given the surplus of capital and rising wages in Europe, it was necessary for capital to secure its profit rate through colonial exploitation. Lenin summarized the creation of parasite

states: “The export of capital, one of the most essential economic bases of imperialism, still more completely isolates the rentiers from production and sets the seal of parasitism on the whole country that lives by exploiting the labour of several overseas countries and colonies.” [146] Citing Hobson, Lenin goes on to describe the political consequences:

> “Hobson gives the following economic appraisal of the prospect of the partitioning of China: ‘The greater part of Western Europe might then assume the appearance and character already exhibited by tracts of country in the South of England, in the Riviera and in the tourist-ridden or residential parts of Italy and Switzerland, little clusters of wealthy aristocrats drawing dividends and pensions from the Far East, with a somewhat larger group of professional retainers and tradesmen and a larger body of personal servants and workers in the transport trade and in the final stages of production of the more perishable goods; all the main arterial industries would have disappeared, the staple foods and manufactures flowing in as tribute from Asia and Africa. … Let those who would scout such a theory (it would be better to say: prospect) as undeserving of consideration examine the economic and social condition of districts in Southern England today which are already reduced to this condition, and reflect upon the vast extension of such a system which might be rendered feasible by the subjection of China to the economic control of similar groups of financiers, investors, and political and business officials, draining the greatest potential reservoir of profit the world has ever known, in order to consume it in Europe.’ … He should have added, however, that, also within the working-class movement, the opportunists, who are for the moment victorious in most countries, are ‘working’ systematically and undeviatingly in this very direction. Imperialism, which means the partitioning of the world, and the exploitation of other countries besides China, which means high monopoly profits for a handful of very rich countries, makes it economically possible to bribe the upper strata of the proletariat, and thereby fosters, gives shape to, and strengthens opportunism.” [147]

These are remarkable observations considering what the world economy looks like today. China has become the productive powerhouse, while the countries of Western Europe and North America have become primarily

consumer societies and parasite states. When Lenin wrote the preface for a 1920 edition of *Imperialism, the Highest Stage of Capitalism* in German and French, he emphasized the system's parasitic element:

> "A few words must be said about Chapter VIII, 'Parasitism and Decay of Capitalism.' As already pointed out in the text, Hilferding, ex-'Marxist,' and now a comrade-in-arms of Kautsky and one of the chief exponents of bourgeois, reformist policy in the Independent Social-Democratic Party of Germany, has taken a step backward on this question compared with the *frankly* pacifist and reformist Englishman, Hobson. The international split of the entire working-class movement is now quite evident (the Second and the Third Internationals). The fact that armed struggle and civil war is now raging between the two trends is also evident—the support given to Kolchak and Denikin in Russia by the Mensheviks and Socialist-Revolutionaries against the Bolsheviks; the fight the Scheidemanns and Noskes have conducted in conjunction with the bourgeoisie against the Spartacists in Germany; the same thing in Finland, Poland, Hungary, etc. What is the economic basis of this world historical phenomenon?
>
> "It is precisely the parasitism and decay of capitalism, characteristic of its highest historical stage of development, i.e., imperialism. As this pamphlet shows, capitalism has now singled out a *handful* (less than one-tenth of the inhabitants of the globe; less than one-fifth at a most 'generous' and liberal calculation) of exceptionally rich and powerful states which plunder the whole world simply by 'clipping coupons.' Capital exports yield an income of eight to ten thousand million francs per annum, at pre-war prices and according to pre-war bourgeois statistics. Now, of course, they yield much more.
>
> "Obviously, out of such enormous *superprofits* (since they are obtained over and above the profits which capitalists squeeze out of the workers of their 'own' country) it is *possible to bribe* the labour leaders and the upper stratum of the labour aristocracy. And that is just what the capitalists of the 'advanced' countries are doing: they are bribing them in a thousand different ways, direct and indirect, overt and covert.

> “This stratum of workers-turned-bourgeois, or the labour aristocracy, who are quite philistine in their mode of life, in the size of their earnings and in their entire outlook, is the principal prop of the Second International, and in our days, the principal social (not military) prop of the bourgeoisie. For they are the real agents of the bourgeoisie in the working-class movement, the labour lieutenants of the capitalist class, real vehicles of reformism and chauvinism. In the civil war between the proletariat and the bourgeoisie they inevitably, and in no small numbers, take the side of the bourgeoisie, the ‘Versaillais’ against the ‘Communards.’
>
> “Unless the economic roots of this phenomenon are understood and its political and social significance is appreciated, not a step can be taken toward the solution of the practical problems of the communist movement and of the impending social revolution.” [148]

Lenin and Luxemburg

Revolutionary communism in Germany was represented by Rosa Luxemburg. The main difference between Lenin and Luxemburg concerned class dynamics in the imperialist countries and the colonies. After the revolution in 1917, Lenin supported movements in the colonies that fought for national independence. Luxemburg, however, saw the working class in the imperialist countries as the decisive force for world revolution. She considered anticolonial nationalism to be bourgeois and opposed support for independence movements. [149]

For Luxemburg, capitalism’s fundamental problem was overaccumulation. She thought that, once capitalism had spread to all corners of the earth, it would eventually run out of investment opportunities. This would lead to the system’s collapse, which would be followed by a socialist revolution under the leadership of the imperialist countries’ working classes. Only then could the colonies gain independence. [150]

Luxemburg saw imperialism first and foremost as a system that benefited capital and kept capitalism alive. She paid little attention to class formation in either the imperialist countries or the colonies. Imperialism solved the problem of accumulation by creating opportunities for profitable

investment and strong purchasing power in the imperialist countries. There was both an economic and a political logic behind the European working class's support for imperialism and the rivalry over colonies by European powers.

At the eve of World War I, Luxemburg appealed to European workers not to go to war against each other. Her efforts were in vain. This was a clear indication of nationalism's strength and internationalism's weakness. Led by social democratic parties, the working classes of Europe sided with the national bourgeoisies of their respective countries and supported the first major imperialist war, fought over colonies and areas of influence. The interests of the bourgeoisie and the interests of the working class's top tier overlapped (at least partly). The well-being of the nation meant also the well-being of its workers. Lenin stated in May 1915 that the Second International had been undermined by nationalism. He wrote:

> "By social-chauvinism we mean acceptance of the idea of the defence of the fatherland in the present imperialist war, justification of an alliance between socialists and the bourgeoisie and the governments of their 'own' countries in this war, a refusal to propagate and support proletarian-revolutionary action against one's 'own' bourgeoisie, etc. It is perfectly obvious that social-chauvinism's basic ideological and political content fully coincides with the foundations of opportunism. It is one and the same tendency. In the conditions of the war of 1914–15, opportunism leads to social-chauvinism. The idea of class collaboration is opportunism's main feature. … Opportunism was engendered in the course of decades by the special features in the period of the development of capitalism, when the comparatively peaceful and cultured life of a stratum of privileged workingmen 'bourgeoisified' them, gave them crumbs from the table of their national capitalists, and isolated them from the suffering, misery and revolutionary temper of the impoverished and ruined masses. The imperialist war is the direct continuation and culmination of this state of affairs, because this is a war for the privileges of the Great-Power nations, for the repartition of colonies, and domination over other nations. To defend and strengthen their privileged position as a petty-bourgeois 'upper stratum' or aristocracy (and bureaucracy) of the working class—such is the natural wartime continuation of petty

> bourgeois opportunist hopes and the corresponding tactics, such is the economic foundation of present-day social imperialism." [151]

Rosa Luxemburg's hopes were brutally crushed when the German Revolution of 1918–1919 was defeated. Together with her close comrade, Karl Liebknecht, Luxemburg was murdered. The subsequent decades proved how strong German nationalism was. Vast sections of the working class supported right-wing movements eager to restore Germany's position among the imperialist powers.

The Emergence of Anti-Imperialism

The same year the German Revolution failed, socialist anti-imperialism was born in the colonies. Paradoxically, this started in the heart of Europe, where, in the early 1910s, there arrived a young man from Vietnam who would later become world-famous under the name Ho Chí Minh. He found work as a gardener in France and as a dishwasher and street cleaner in London. During his time in England, Ho Chí Minh became aware of the Irish liberation struggle and studied it with great interest. [152] When he learned of the death of a Sinn Féin hunger striker, he reportedly wept at the sacrifice the man had made for his country and proclaimed: "A nation which has such citizens will never surrender." [153] In 1917, Ho moved to Paris, where he worked as a restorer at a photo shop, also painting "Chinese antiquities." [154] The later prime minister of China, Zhou Enlai, lived close-by. At his house, Ho first met the 19-year-old Deng Xiaoping.

In Paris, many immigrants were radicalized in the communist movement at the time. Among them were the Algerian factory workers Messali Hadj and Hadj Ali Abdelkader, who would go on to found the Étoile Nord-Africaine, a pioneering organization for the liberation of Algeria; Ferhat Abbas, another Algerian, who would later become a leading figure in the National Liberation Front (*Front de Libération Nationale* , FLN); Lamine Senghor from Senegal, one of the French Communist Party's most talented organizers and writers until his premature death in 1927; Arnold Mononutu from Indonesia, a co-organizer of the Bandung Conference, where Asian and African states, most of them newly independent, met in 1955; and José Carlos Mariátegui as well as Víctor

Raúl Haya de la Torre from Peru, the former a prominent Marxist theorist and the latter the founder of the American Popular Revolutionary Alliance (*Alianza Popular Revolucionaria Americana* , APRA). [155]

Intellectuals and militants from the colonies gathered in Paris and other European capitals for different reasons: some pursued higher education, others were looking for industrial jobs, and some wanted to network and recruit fellow revolutionaries. Many of the 750,000 colonial soldiers who had fought for France during World War I had remained in the country. The French government made every effort to return them to the colonies, but not always with success. About seventy thousand North Africans and fifteen thousand men and women from other colonies lived in greater Paris alone. [156] The situation was similar in other European capitals. Indians moved to London, Indonesians to Amsterdam, and so on. In London, African and Indian anticolonial militants formed organizations, published journals, and established contact with liberation movements such as the African National Congress (ANC) in South Africa. In the colonies, things were also on the move. In 1919, anticolonial mass protests erupted in China and Korea against Japanese colonialism and European imperialism. In India, Egypt, Algeria, Tunisia, and Morocco, anticolonial demonstrations became regular features of everyday life.

In the autumn of 1919, world leaders met at the Versailles Peace Conference to negotiate the political order post-World War I. Naturally, the victorious nations divided the spoils between them. Delegates from the colonies hoped that the noble words spouted about peace, justice, and self-determination would be applied to the colonies, too. They were to be disappointed. For the Europeans and North Americans, the colonies were essential for revitalizing their own economies. [157] It became clear to anticolonial militants that any hope for voluntary decolonization was futile. But they did not despair. There were other ways to bring colonialism to its knees.

Two months after the Versailles Conference started, the Third International held its founding congress in Moscow. It endorsed Lenin’s “Theses on the National and Colonial Questions,” which argued for support to anticolonial independence movements. [158] The congress also drafted “Twenty-One Conditions” that communist parties wanting to join the Comintern had to fulfill. With regard to the colonial question, the expectations were very clear:

> “In the Colonial question and that of the oppressed nationalities, there is necessarily an especially distinct and clear line of conduct of the parties of countries where the bourgeoisie possesses such colonies or oppresses other nationalities. Every party desirous of belonging to the Third International should be bound to denounce without any reserve all the methods of ‘its own’ imperialists in the colonies, supporting not only in words but practically a movement of liberation in the colonies.” [159]

In France, Ho Chí Minh, disillusioned by the Versailles Conference, joined the French Section of the Workers’ International (*Section Française de l’Internationale Ouvrière* , SFIO)—commonly, but somewhat misleadingly, referred to as the French Socialist Party. In his memoirs, he noted:

> “Heated discussions were then taking place in the branches of the Socialist Party, about the question whether the Socialist Party should remain in the Second International, should a Second-and-a-half International be founded or should the Socialist Party join Lenin’s Third International? I attended the meetings regularly, twice or three times a week and attentively listened to the discussion. First, I could not understand thoroughly why were the discussions so heated? … What I wanted most to know—and this precisely was not debated in the meetings—was: Which International sides with the peoples of colonial countries? I raised the question—the most important in my opinion—in a meeting. Some comrades answered: It is the Third, not the Second International. And a comrade gave me Lenin’s ‘Thesis on the National and Colonial Questions’ published by *L’Humanité* to read. There were political terms difficult to understand in this thesis. But by dint of reading it again and again, finally I could grasp the main part of it. What emotion, enthusiasm, clear-sightedness, and confidence it instilled in me! I was overjoyed to tears. Though sitting alone in my room, I shouted aloud as if addressing large crowds: ‘Dear martyrs, compatriots! This is what we need, this is what we need, and this is the path to our liberation!’
>
> “After that, I had entire confidence in Lenin, in the Third International. Formerly, during the meetings of the Party branch, I had only listened to the discussion; I had a vague belief that all were logical, and could

> not differentiate as to who were right and who were wrong. But from then on, I also plunged into the debates and discussed with fervor. Though I was still lacking French words to express all my thoughts, I smashed the allegations attacking Lenin and the Third International with no less vigor. My only argument was: 'If you do not condemn colonialism, if you do not side with colonial people, what kind of revolution are you waging?'" [160]

At the 1920 congress of the SFIO, a majority of the members defected, founded the French Communist Party, and joined the Comintern. Ho Chí Minh was among them. He was very active in the Communist Party, which he insisted must prioritize anti-imperialist agitation among French workers. Ho wrote regularly for the Party's newspaper *L'Humanité* . In an article published on May 25, 1922, he urged the Party to struggle against "the indifference of the proletariat of the mother country towards the colonies," and decried the fact that the "French workers look upon the native as an inferior and negligible human being, incapable of understanding and still less of taking action." [161]

The Comintern and the Colonial Question

Ho was facing a problem that Lenin had addressed in numerous polemics against the opportunist imperialism of the European working class. Lenin emphasized again and again how understanding and fighting opportunism and social chauvinism was the most important task for revolutionaries in Western Europe. [162] This had a strong impact on the international socialist movement, and was one of the main reasons for the split in the Second International.

For the Comintern, internationalism and anti-imperialism were central questions. At its founding congress in 1919, Lenin assured the delegates that they would one day "all see the founding of the World Federative Republic of Soviets." [163] A resolution passed at the congress read: "At the expense of the plundered colonial people, capital corrupted its wage slaves, created a community of interest between the exploited and the exploiters against the oppressed colonies—the yellow, black and red colonial people—and chained the European and American working class to the imperialist 'fatherland.'" [164]

But the Comintern still assumed that the decisive battles for world revolution would be fought in Europe. They believed—or wanted to believe—that revolutionary sentiments would eventually prevail within the European proletariat over social democratic, reformist, and nationalist ones. Leon Trotsky penned a "Manifesto of the Communist International to the Workers of the World," which included the following lines: "The workers and peasants not only of Annam, Algiers and Bengal, but also of Persia and Armenia, will gain their opportunity of independent existence only in that hour when the workers of Britain and France, having overthrown Lloyd George and Clemenceau, have taken state power into their own hands. … Colonial slaves of Africa and Asia: the hour of proletarian dictatorship in Europe will also be the hour of your liberation!" [165]

This was the prevailing view within the Comintern at the time. Lenin wanted to mobilize the proletariat below the top tier of the best-paid, unionized workers. His strategy failed. Revolutionaries within the workers' movement were not able to challenge the reformist leadership. In Germany, their influence remained strong even after the revolution's defeat in 1919, but frequent communist uprisings were crushed with brute force by the SPD government. In England and in Scandinavia, social democrats benefited from the economic crisis following World War I. They formed governments not to abolish capitalism but to restore it, backed by the working-class majority. Reforms seemed safer than revolution. Government intervention in the labor market and provision of social services lay the foundation for what would become the European welfare state.

- *The Second Congress of the Comintern: East or West?*

At its Second Congress in July 1920, the Comintern intended to strengthen its revolutionary and anti-imperialist strategy. A central aspect was to break with Eurocentrism. Lenin spoke of "treachery" when reflecting on the stance that the British working class took toward the oppressed nations and their struggle for freedom:

> "I would … like to emphasise the importance of revolutionary work by the Communist parties, not only in their own, but also in the colonial countries, and particularly among the troops employed by the exploiting nations to keep the colonial peoples in subjection.

> “Comrade Quelch of the British Socialist Party spoke of this in our commission. He said that the rank-and-file British worker would consider it treasonable to help the enslaved nations in their uprisings against British rule. True, the jingoist and chauvinist-minded labour aristocrats of Britain and America present a very great danger to socialism, and are a bulwark of the Second International. Here we are confronted with the greatest treachery on the part of leaders and workers belonging to this bourgeois International. … The parties of the Second International have pledged themselves to revolutionary action, but they have given no sign of genuine revolutionary work or of assistance to the exploited and dependent nations in their revolt against the oppressor nations. This, I think, applies also to most of the parties that have withdrawn from the Second International and wish to join the Third International. We must proclaim this publicly for all to hear, and it is irrefutable. We shall see if any attempt is made to deny it.” [166]

Lenin also criticized the British Labour Party’s hesitation to mobilize against British colonialism in Ireland:

> “The comrades have emphasised that the labour aristocracy is stronger in Britain than in any other country. That is true. After all, the labour aristocracy has existed in Britain, not for decades but for centuries. … This stratum is thoroughly imbued with bourgeois prejudices and pursues a definitely bourgeois reformist policy. In Ireland, for instance, there are two hundred thousand British soldiers who are applying ferocious terror methods to suppress the Irish. The British Socialists are not conducting any revolutionary propaganda among these soldiers, though our resolutions clearly state that we can accept into the Communist International only those British parties that conduct genuinely revolutionary propaganda among the British workers and soldiers.” [167]

In its 1918 program, the British Labour Party had pledged its allegiance to the British Empire. The program declared it a duty to “defend the rights of British citizens who have overseas interests,” and stated: “As for this community of races and peoples of different colours, religions and different stages of civilization, which is called the British Empire, the Labour Party is in favor of its maintenance.” [168]

With regard to India, the British Labour Party formally supported independence, but did nothing to help the process along. Rather, it condoned military force in cracking down on nationalist rallies. In his book *India Today* , the British Marxist Rajani Palme Dutt cited a 1930 article from the *Manchester Guardian* , which bluntly summed up the reasons for British opposition to Indian independence: “There are two chief reasons why a self-regarding England may hesitate to relax her control over India. The first is that her influence in the past depends partly upon her power to summon troops and to draw resources from India in time of need. … The second is that Great Britain finds in India her best market, and she has £1,000 million of capital invested there.” [169]

Even among Europe’s communists, support for anti-imperialist movements in the colonies was often half-hearted. The Eurocentric belief that the movements of the imperialist countries were most important was widespread. They were seen as organizing the most politically advanced workers. The peasants, lumpen, and unorganized workers of the periphery could not possibly bring about world revolution.

It was only a question of time before communists in the colonies would criticize these attitudes. Pak Din Shoon, the Korean delegate at the 1920 Comintern congress, said about the congress of the previous year: “The attention should have been directed to the East, where the fate of the world revolution may very well be decided.” [170] The Indian delegate Manabendra Nath Roy, head of the Comintern’s Far Eastern Bureau, declared the exploitation of the colonies to be of central strategic importance: “Superprofits gained in the colonies are the mainstay of modern capitalism, and as long as these exist, it will be difficult for the European working class to overthrow the capitalist order. … By exploiting the masses in the colonies, European imperialism is in a position to make concession after concession to the labor aristocracy at home.” [171]

At the 1920 congress, the previously mentioned “Twenty-One Conditions” were officially adopted. The demand of every member party “to denounce without any reserve all the methods of ‘its own’ imperialists in the colonies” was complemented by the demand to work for the “expulsion of its own imperialists from such colonies.” [172] The congress also adopted Lenin’s “Theses on the National and Colonial Questions” as part of the Comintern’s official line. In the document, Lenin had declared that policy on this matter “must be based primarily on the union of the

workers and toiling masses of all nations and countries in the common revolutionary struggle for the overthrow of the landlords and the bourgeoisie." He added that the communist parties must prioritize the proletarian factions in the national liberation movements. [173]

It was far from certain that all communist parties would abide by these demands. And, indeed, many didn't. A few months after the congress, Lenin met with a delegation of English workers and discussed the issue with them. He reported the following: "They made faces. … They simply could not get into their heads the truth that in the interests of the world revolution, workers must wish the defeat of their government." [174]

At the 1920 congress, there was also an intense debate between Manabendra Nath Roy and Lenin concerning communist strategy in the colonies. Due to the relative weakness of communist parties there, Lenin suggested that they should forge alliances with bourgeois democratic movements. Roy, however, opposed any collaboration with the Indian National Congress, which he considered to be a "debating society." Lenin pointed out that there was no functional communist party in India, and that, under these circumstances, the idea of communists acting alone was doomed to fail. [175] He added that there was "not the slightest doubt that every national movement can only be a bourgeois-democratic movement." [176]

In China, at the time a semi-colonial country, the May Fourth Movement sparked a nationalist uprising in 1919, which provided a testing ground for the Comintern's strategy. The Communist Party of China allowed the bourgeois nationalists of the Kuomintang to take the lead in the national liberation struggle. This led to the Shanghai massacre of 1927, in which hundreds, perhaps thousands, of communists were killed. While Mao Tse-tung, who would soon be appointed commander-in-chief of the Red Army, concurred with the Comintern that the Chinese revolution first had to be a national revolution, he stressed the importance of communist leadership.

Another interesting figure attending the 1920 Comintern congress was Mirsaid Sultan Galiev, a Tatar revolutionary and proponent of "Muslim national communism." Galiev, who had participated in the revolution of 1917, wanted the Comintern to focus on anticolonial struggles in the East, arguing that ending colonial plunder was a precondition for revolution in the West: "Deprived of the East, and cut off from India, Afghanistan,

Persia, and its other Asian and African colonies, Western European imperialism will wither and die a natural death." [177] In his view, the communist movement had committed a serious strategic error by "giving … priority to the revolutionary movement in Western Europe" and thereby ignoring the fact that "capitalism's weak point lay in the Orient." [178] Galiev conceded that there was no developed working class in what he called the "Eastern nations," but he considered them to be "proletarian nations," as they were exploited by the capitalist world system. [179] A similar point was made by Li Dazhao, one of China's earliest Marxists. He described China as "proletarianized in relation to the world system." [180]

The problem with Galiev's analysis was his neglect of the class dynamics in the Soviet Union's Muslim territories. Furthermore, his view that the Islamic fundamentalism espoused by the nationalists of the Caucasus region was inherently socialist was problematic, even if his attempt to reconcile elements of Islamic thought with Marxism was intriguing. [181] In practice, Galiev ended up pursuing an anti-Soviet course in alliance with landed and clerical elites. [182] He fell out with the Bolsheviks in 1923, repeatedly served time in prison and labor camps for "nationalist deviation" and "conspiracy against the Soviet government," and was finally executed in 1940.

- *The Baku Conference*

Despite its disagreements with "Muslim national communism," the Comintern took seriously the question of how the populations of the Far East and the Muslim societies of the new Soviet state related to the socialist revolution. The erstwhile assumption that workers' revolutions in the West were needed to free the proletarians of the colonies had also been shaken by experiences such as the defeat of the Hungarian Soviet Republic of 1919. Shortly after which, Leon Trotsky wrote that: "There is no doubt at all that our Red Army constitutes an incomparably more powerful force in the Asian terrain of world politics than in the European terrain. … The road to India may prove at the given moment to be more readily passable and shorter than the road to Soviet Hungary. The road to Paris and London lies via the towns of Afghanistan, the Punjab and Bengal." [183]

In September 1920, the Comintern organized a "Congress of the Peoples of the East" in Baku, Azerbaijan. One thousand nine hundred

delegates attended, a mix of communists, anarchists, and radical nationalists. The congress was one of the first forums where anticolonial militants met to discuss the future of the peoples of the East. The goal was to establish a common understanding of "the fight against imperialist domination and capitalist exploitation" and to form an alliance between the Comintern and the anticolonial liberation movements in Asia, in order "to win them fully to communism." [184]

At the Baku Congress, the president of the Comintern, Grigory Zinoviev, related the Comintern's commitment to support the liberation movements in Turkey, Persia, and the Transcaucasian republics (Armenia, Azerbaijan, and Georgia). Two documents were adopted, a "Manifesto of the Peoples of the East" and an "Appeal to the Workers of Europe, America, and Japan." The latter was a call to workers in the imperialist countries to support the anti-imperialist struggle. An executive body was elected to carry out the Comintern's work in the Middle East and Far East. At a time when the Soviet Union was close to bankruptcy and facing severe famine, Moscow allotted 750,000 gold rubles to establish two radio stations with a range of twenty thousand kilometers, among the farthest-reaching in the world. One of which was to be situated in Central Siberia to broadcast anti-imperialist propaganda to the colonized nations of Asia. [185]

The national liberation movements in the Far East were growing in strength, greatly inspired by the Chinese resistance to Japanese imperialism. It was natural for the Comintern to focus on these movements in the context of its anti-imperialist ambitions, not least since the revolutionary tide in Europe was on its way out. In March 1925, Zinoviev's successor, Nikolai Bukharin, stated that the colonial question was "nothing but the question of the relations between town and country on a world scale." [186]

Until the end of his life, Lenin would reflect on the failure of the European working class to overthrow capitalism and on the emergence of national revolutionary movements in countries such as China, Egypt, and India. He concluded that the fate of world revolution would be "determined by the fact that Russia, China, India, etc., account for the overwhelming majority of the population of the globe. And during the past few years it is this majority which has been drawn into the struggle for emancipation with extraordinary rapidity." [187]

- *The Fifth Congress of the Comintern and the League Against Imperialism*

In late 1923, Ho Chí Minh left Paris for Moscow and began to work for the Comintern. Lenin died before he arrived, but Ho met with Bolshevik leaders such as Trotsky, Bukharin, Karl Radek, and Josef Stalin. He also participated in the Fifth Congress of the Comintern in 1924, where he criticized the communists of Europe for ignoring the colonial question:

> "You must excuse my frankness, but I cannot help but observe that the speeches by comrades from the mother countries give me the impression that they wish to kill a snake by stepping on its tail. You all know today the poison and life energy of the capitalist snake is concentrated more in the colonies than in the mother countries. … Yet in our discussion of the revolution you neglect to talk about the colonies. … Why do you neglect the colonies, while capitalism uses them to support itself, defend itself, and fight you?" [188]

He went on to lay out his critique in detail:

> "The British colonies taken as a whole are eight and a half times more populous and about 232 times bigger than Great Britain. France occupies an area 19 times bigger than her own. The population of the French colonies exceeds that of France by 16,600,000. Thus, it is not an exaggeration to say that so long as the French and British Communist Parties have not brought out a really progressive policy with regard to the colonies, have not come into contact with the colonial peoples, their programme as a whole is and will be ineffective because it goes counter to Leninism. … According to Lenin, the victory of the revolution in Western Europe depended on its close contact with the liberation movement against imperialism in enslaved colonies and with the national question, both of which form a part of the common problem of the proletarian revolution and dictatorship. … As for our Communist Parties in Great Britain, Holland, Belgium and other countries—what have they done to cope with the colonial invasions perpetrated by the bourgeois class of their countries? What have they done from the day they accepted Lenin's political programme to educate the working class of their countries in the spirit

> of just internationalism, and that of close contact with the working masses in the colonies? What our Parties have done in this domain is almost worthless. As for me, I was born in a French colony, and am a member of the French Communist Party, and I am very sorry to say that our Communist Party has done hardly anything for the colonies." [189]

The communist parties of Europe never took Ho 's criticism to heart. In 1925, Ho moved to Canton in order to deepen contacts with the Chinese Communist Party. He also visited Siam (modern-day Thailand) and other Asian countries to coordinate Comintern activities.

The Comintern was still trying to forge an alliance between the communists of the West and the East. In the mid-1920s, its leadership employed the help of German communist Willi Münzenberg to establish a broad-based organization for the struggle against imperialism, the League Against Imperialism (LAI). The LAI's main task was to unite the anti-imperialist struggles in the colonies and the imperialist countries into a worldwide movement. Simply put, a broad anti-imperialist front should replace narrow anticolonial policies, with the Comintern leading the process. An "Anti-Imperialist Commission" was established in Moscow to oversee the process of launching the LAI. It was important to mobilize the workers in the imperialist countries for the anti-imperialist struggle, and to ensure that the anti-imperialist movement knew how to distinguish friend from foe—which in practice meant denouncing the social democratic position as "direct support of imperialism." [190]

Most of the LAI's preparatory work was done in Berlin. Germany had lost its colonies in World War I and as a result the government wasn't much concerned by anticolonial movements. In 1927, the LAI was officially launched at a congress in Brussels, attended by 174 delegates representing 134 organizations from 34 countries. [191] Albert Einstein, appointed honorary president, proclaimed: "In your congress, the solidly united endeavor of the oppressed to achieve independence takes bodily shape." [192]

Jawaharlal Nehru, who would become India's first prime minister in 1947, was also present and elected to the executive committee. Along with Persian delegate Ahmed Assadoff (who lived in Berlin), he participated in the session on "British Imperialism in India, Persia and Mesopotamia." He also met with delegates from Java, Indochina, Palestine, Syria, Egypt, North

Africa, and Sub-Saharan Africa. Nehru was greatly impressed by the moral courage displayed by “quite a number of distinguished persons” such as Einstein, Soong Ching-ling (a.k.a. Madame Sun Yat-sen), and Nobel laureate Romain Rolland. [193] Ho Chí Minh, now an experienced Comintern emissary, met and conferred with other anticolonial militants at the congress, among them the leading Japanese socialist and later prime minister Tetsu Katayama, as well as Sukarno, the first president of Indonesia following independence from the Netherlands. [194] For many militants from the colonies, the LAI congress was an opportunity to meet militants from other colonies. They exchanged experiences and discussed future strategies. This explains the historical significance of the event. When Sukarno, as Indonesia’s president, opened the Bandung Conference in 1955, he explicitly mentioned the 1927 LAI congress as a crucial stepping stone in the development of the anti-imperialist struggle.

In Latin America, anti-imperialism took on a particular form. Latin American militants supported the resistance against European colonialism in Africa and Asia, but their own struggle played out against a different historical background. Most countries in Latin America had already become independent at the beginning of the nineteenth century. The main problem that Latin American anti-imperialists were facing in the twentieth century was the neocolonial yoke of the United States, a far less obvious form of oppression than traditional colonialism. These different circumstances, however, did not keep them from forming alliances with their fellow anti-imperialist militants in Africa and Asia.

While its headquarters remained in Berlin, the LAI also established bureaus in Paris, London, Amsterdam, and Boston, which were supposed to advance anti-imperialist politics in collaboration with the various communist parties. The results were modest. European communists simply didn’t prioritize anti-imperialist work. They knew that it wasn’t a burning issue for the European working class and that certain factions even deemed it unpatriotic. Despite the Comintern’s ongoing efforts to strengthen the anti-imperialist struggle in Europe and North America, it always remained a side issue. Many of the communist parties of Europe and North America followed in the footsteps of the social democrats, embracing increasingly nationalist rhetoric in their pursuit of mass support.

The LAI never lived up to the expectations of the Comintern. In 1933, when the Nazis took power in Germany, its headquarters moved to Paris.

When Germany occupied France in 1940, the LAI ceased to exist. Münzenberg was arrested. He managed to escape, but was found dead soon after; the circumstances remain unclear to this day. Ho Chí Minh's doubts concerning the mobilization of European workers for anti-imperialist politics had been more than justified. In the colonies, however, anti-imperialism gained much popular support—there, the efforts of the LAI had not been in vain. The LAI had been a decisive factor in the embrace of Marxism-Leninism by many national liberation movements. Communists became leading figures in the struggle for the colonies' freedom.

- *The Sixth Congress of the Comintern*

The establishment of the LAI did not mean that the Comintern itself abandoned the anti-imperialist question. The Comintern's Sixth Congress in 1928 was meant to reorganize activities in the East to boost the anticolonial struggle. The primary objective was to strengthen ties with non-communist revolutionary organizations and influence their programs and tactics. [195] Palmiro Togliatti, leader of the Italian Communist Party, summed up the attitudes of Europe's social democrats:

> "The Social Democrats have become colonial politicians. They recognise the possession of colonies as something which their countries could never renounce and that, when their country has no colony, it is up to them to demand a colony for it in a more or less open manner. In this field there is not a single Social Democratic Party which is an exception." [196]

Togliatti pointed out that Social Democracy had always had a colonial policy, "one which consisted in allying itself with or directly participating in the colonial enterprises of the bourgeoisie," presenting many examples to support his claim. [197] The SFIO had always voted in support of the colonial agenda. At the party's 1927 congress, it was declared that the "postwar problems" could not be solved without colonies. It also supported military intervention in Syria to crush the nationalist movement there, despite the documented abuse of the population by French troops. In the Netherlands, the Socialist Party did not even discuss whether there should be colonies or not, the only question was how to govern them. They condemned the communist-led mass rebellions in Western Sumatra and Java in 1926 as

being orchestrated by “Moscow or Canton.” They did object to the subsequent mass killings—but only because, in their opinion, it would have been enough to only execute the ringleaders. In Germany, the SPD repeatedly bemoaned the fact that Germany had lost its colonies; as late as 1928, they demanded their return. In Italy, that same year, the social democrats passed a resolution against the division of the colonies in the Treaty of Versailles, demanding a colonial order that would acknowledge the needs of Italian capital. In England, the Labour Party platform of 1918 made it very clear that the Party did not support decolonization. Rather, it was ready to “defend the rights of British citizens who have overseas interests,” concluding that “as for this community of races and peoples of different colours, religions and different stages of civilization which is called the British Empire, the Labour Party is in favour of its maintenance.” [198] The 1929–1931 Labour government under Prime Minister Ramsay MacDonald rejected all demands made by the Egyptian government to withdraw British troops, constrain British capital, or cede control over the Suez Canal.

The harsh critique leveled at the social democrats during the 1928 Congress reflected the Comintern’s new strategy of “Class against Class.” But problems remained with regard to anti-imperialist politics in the communist movement itself. Otto Kuusinen, who had left Finland for the Soviet Union after the defeat of the Reds in the Finnish Civil War of 1918, presented a document entitled “Theses on the Revolutionary Movement in Colonial and Semi-Colonial Countries.” It addressed the lackluster approach to anti-imperialist politics by Europe’s communist parties: “It must be admitted that, up till now, not all the parties in the Communist International have fully grasped the decisive importance which the establishment of close, regular and unbroken relations with the national revolutionary movements in the colonies has in affording these movements active and practical help.” [199] For Kuusinen, engaging in anticolonial politics was “one of the weakest sides of Comintern activity.” In his opinion, since the Comintern’s inception in 1919, communist parties had either ignored anticolonialism or regarded it as a waste of time. [200] All efforts by Comintern leaders to rectify this had been in vain.

Kuusinen suggested a commission headed by the British communist Robin Page Arnot to visit the communist parties of Western Europe, discuss anticolonial politics, and prepare a “Colonial Conference” to be held in

1929. Arnot first went to London where he attended the Communist Party's 1929 congress. He reported that the anticolonial question was raised, but only in passing and on the final day. The British communists had simply disregarded the directives of the Comintern. [201] Arnot's next stop was Paris. If anything, the French communists' interest in the anticolonial question was even lower than that of the British. Arnot saw all aspects of Ho 's critique confirmed. [202] His experiences in Belgium and the Netherlands were similar. In short, the anticolonial work of the European communists was close to nonexistent. Even the simplest tasks, such as establishing contact with militants in the colonies, had not been carried out. Arnot summed up his impressions in the "Report on the Parties," in which he dryly concluded that "at the moment not much is being done." [203]

- *The Colonial Conference of 1929*

After receiving Arnot's report, the commissioners appointed to prepare the 1929 Colonial Conference deemed it necessary to present a new position paper on the colonial question. The task of writing it was assigned to the Hungarian-born Comintern operative Lajos Magyar. Magyar criticized the parties harshly. In his paper, titled "The Organisation of the Colonial Work of the European Communist Parties," he reached the following conclusion:

> "The most important task of the Communist Parties of the imperialist countries with regard to the colonial question is … the establishment of a direct contact between the Communist Parties and the revolutionary trade union organisations. … The relationships existing up to now between the Communist Parties and the revolutionary movement in the respective colonial countries cannot be considered … satisfactory. … Not all of the Parties of the [Comintern] have so far grasped the great significance of regular close connections with the revolutionary movements in the colonies for the active immediate practical support of these movements. Only to the extent that the Communist Parties in the imperialist countries actually support the revolutionary movement [and] assist the struggle of [the] colonial countries against imperialism, can their position with regard to the colonial question be accepted as truly Bolshevik. This is the criterion for their revolutionary activity in general." [204]

Magyar identified five tasks for the parties to focus on: producing political literature to be distributed in the colonies; distributing it effectively; traveling to the colonies as regular workers (that is, not as representatives of the Comintern) to find employment and to organize on a grassroots level; establishing contacts with sailors, workers, soldiers, and students from the colonies living in Europe; and, finally, penetrating the communities of people from the colonies living in Europe in order to exert "communist influence" among them. [205] Entirely absent from Magyar's paper were any recommendations on how to struggle against imperialist policies in the European and North American countries themselves. He did not address the question of how to mobilize the working classes in the metropolis to act against imperialist war and racism.

- *The Seventh Congress of the Comintern: From Anti-Imperialism to Antifascism*

As we have seen, the many efforts by Lenin and the Comintern to get the communist parties of Europe to make the anticolonial question a priority were largely in vain. Many Europeans were convinced that the main purpose of the colonies was to serve their colonizers, and that this was in their own best interest, since it would, eventually, bestow development and civilization upon them. The undeniable suffering that this process entailed was seen as a kind of "collateral damage." Few European communists dared challenge this chauvinistic attitude, since it was shared by many workers.

Some Marxists were aware of this and criticized Lenin and the Comintern for having unrealistic expectations. In 1935, the German economist Fritz Steinberg wrote:

> "As Lenin misjudged the real strength of Reformism so did his epigones even more. He never gave a systematic analysis of the sociological prerequisites which formed the basis of Reformism, and which prevented it from being shaken during the period up to the victory of Fascism. The Comintern has contented itself with slogans. It has never made it clear that the differentiation in the pre-war years within the working class took place based on the increasing wages of the entire class. The Comintern has not corrected Lenin's mistake as to

> the question of the labor aristocracy and thus the evaluation of the real strength of Reformism. On the contrary: it has made it even deeper." [206]

Sternberg's critique must be read against the background of German politics. In 1933, the Nazis had risen to power with significant working-class support. When Adolf Hitler was appointed chancellor by President Paul von Hindenburg, social democratic party leaders had advised against mass protests. [207] After much internal debate, the majority of SPD Reichstag delegates (48 out of 65) even endorsed Hitler's "commitment to peace," made at a Reichstag speech in May 1933. Among the SPD delegates who boycotted the session was Toni Pfülf, who took her own life not long after —a tragic reminder of the sense of betrayal that some socialists, even within the SPD, felt given the Party's compliance with the fascist regime. In her 1993 book *German Social Democracy and the Rise of Nazism* , historian Donna Harsch chronicled that fateful day in the Reichstag:

> "When the Social Democratic deputies rose as a body to vote with the bourgeois parties, the chamber, including Hitler, broke into a storm of applause. The German Nationalists burst into *Deutschland, Deutschland, über alles* , and many Social Democrats joined in. [Bavarian member of parliament Wilhelm] Hoegner later reflected, 'It was as if we Social Democrats, ever cursed as the prodigal sons of the fatherland, for one eternal moment clasped Mother Germany to our hearts.'" [208]

Only a few months later, the SPD was declared illegal and its leaders forced into exile. The social imperialist policies they had pursued now helped cement Nazi power. A 1937 article in *Deutschland-Berichte der Sopade* , the publication of the SPD in exile, stated: "The experience of recent years has unfortunately demonstrated that the petit-bourgeois inclinations of part of the working class are unfortunately greater than we had earlier recognized." In their book *The Racial State: Germany 1933–1945* , historians Michael Burleigh and Wolfgang Wippermann dryly note that this was "in the nature of an understatement." [209]

Meanwhile, the Comintern had abandoned its "Class against Class" strategy in light of the fascist danger. It had been replaced by a "popular front" approach that sought cooperation with social democrats and others opposed to fascism. The Comintern's central concern was the defense of the

Soviet Union. With another war between imperialist powers looming, world revolution seemed a long ways off. The defense of the socialist achievements already made, such as the establishment of the Soviet state, took priority. At the Seventh Congress of the Comintern it became clear that the pursuit of world revolution and the focus on the countries of the East were no longer priorities. The sense was, once again, that the future of the Soviet Union would be decided in Western Europe. Stalin had no illusions about the opportunism of the working classes there. In communication with Georgi Dimitrov, president of the Comintern, Stalin wrote in 1934:

> "Without their colonies they [the imperialist powers] could not exist. The workers know this and fear the loss of the colonies. And in this connection they are inclined to go with their own bourgeoisie. Internally, they are not in agreement with our anti-imperialist policy. They are even afraid of this policy. And for just this reason it is necessary to explain and approach these workers correctly. … We can't immediately and so easily win millions of workers in Europe." [210]

During the Seventh, and last, Congress of the Comintern in 1935, the colonies were hardly mentioned. After listing various groups that could aid in the struggle against fascism—social democrats, Catholics, anarchists, unorganized workers, peasants, the petty bourgeoisie, the intelligentsia—Dimitrov called the peoples' struggles in the colonies an "important reserve for the world proletariat." [211] Dimitrov also made it clear that the priority of the communist parties was "the struggle for peace and the defense of the USSR." Communists, he declared, were "irreconcilable opponents, on principle, of bourgeois nationalism … but we are not supporters of national nihilism, and should never act as such." He insisted that communist organizations must persist in educating the working classes in the "spirit of proletarian internationalism," but must not "sneer at all the national sentiments of the wide masses of working people." [212]

That the Comintern had revised its position on nationalism in the imperialist countries was confirmed in a May Day statement one year later. The declaration asserted that the Bolsheviks had been correct in insisting that the proletariat had to defeat the national bourgeoisie in the Russian Revolution, but that "today the situation is not what it was in 1914." [213] In a statement on the 1938 Munich Agreement, which settled the Nazis' annexation of parts of Czechoslovakia, the reversal of the Comintern's

stance on nationalism was even more pronounced. The paper proclaimed that the working class had “begun to revise its relationship with the nation” and had “won a place” in it. Essentially, this meant that the Comintern accepted the power-sharing agreement between the capitalists and the working class in the imperialist countries. The leaders of the Comintern even went so far as to accuse the bourgeoisie of “betraying the national interests,” declaring that “it is the working class and its Communist Party which takes over the legacies of the bourgeois revolution, maintains them against the traitors and develops them to a richer and fuller life.” [214]

While the “Twenty-One Conditions” had demanded “a complete and absolute break” with the social democrats, the Comintern was now reaching out to the parties of the Second International, but to no avail. The social democrats rejected all communist advances.

The rationale behind the Comintern’s new approach was to prevent German aggression against the Soviet Union and a new war between the imperialist nations. Anticolonial struggles were no longer a priority. In fact, Soviet leaders feared that they might distract the imperialist powers from fighting the Nazis. The Comintern even urged the working classes of Britain and France to stand with their governments in defense of the colonies in Asia, which were “menaced by Japanese imperialism.” [215]

World War II brought the clash of two imperialist blocs, the Axis Powers under the leadership of Germany and Japan, and the Allied forces led by Britain, France, and the USA. The Soviets’ efforts to avoid military confrontation were in vain. Germany invaded in 1941 and the Soviets entered into a close alliance with the Allies. This completed the transformation of the Comintern from an organization to further world revolution to one defending the national interests of the Soviet Union. The consequences for the colonies were disastrous. “England’s difficulty is our opportunity,” Irish revolutionaries had declared in 1914. This perspective was now abandoned. The opportunism of the Communist Party of India (CPI) serves as an example. Before 1941, the CPI had always tried to take advantage of Britain’s difficulties. At the outbreak of World War II, its leaders cheered: “Never again shall we get an opportunity like this. The Empire is cracking. It cannot survive this crisis.” [216] But by the summer of 1942, when social unrest engulfed India, the CPI had accepted the Comintern’s position that national liberation had to be delayed until the Soviet Union’s survival was secure. The Party helped prevent the uprising

of the masses and urged people to support the British in their war efforts. Shortly after, the CPI was declared legal by the British authorities for the first time ever. [217]

In 1943, the Soviet government decided to dissolve the Comintern. Stalin explained the decision, pointing to the fact that communist parties outside of the Soviet Union were constantly being derided as “agents of a foreign state.” [218] But many felt that the dissolution of the Comintern was mainly just a concession to the Soviet Union’s imperialist allies.

In China, communist forces were—against the advice of Stalin—fighting the Japanese alongside the bourgeois nationalists of the Kuomintang. But after Japan’s surrender, Mao made it clear that “the revolutionary civil war against the Kuomintang, the domestic agents of imperialism, must continue.” [219] In 1946, the Communist Party of Vietnam used the postwar confusion among the imperialist powers to launch an armed campaign for the country’s liberation.

For the Soviet Union, the primary objective of the postwar period was “peaceful coexistence” with the imperialist powers. There were various reasons for this: First, the war had taken a huge toll on the country; millions of lives had been lost and the economy was in tatters. Second, the United States’s willingness to use nuclear weapons, demonstrated in the bombings of Hiroshima and Nagasaki, suggested that any military confrontation with imperialism would end in catastrophe. And third, the Soviet Union’s status within the international community had changed: the dedication with which it had fought against the Nazis now granted the country recognition and diplomatic influence it had not enjoyed before.

At the Yalta Conference in 1945, Roosevelt, Churchill, and Stalin divided the world into spheres of influence. Two thirds went to the USA and Britain, one third to the Soviet Union. Italy and France, both with strong communist parties, ended up in the Western camp. The communist parties accepted their role. Palmiro Togliatti, a former hardliner in the fight against the social democrats, now declared that the primary task of the Italian workers was not revolution but to get the nation back on its feet. This required loyalty to the Allied forces. His position did not change even when the Allies disarmed communist partisans who, in April 1945, had seized power in several towns in northern Italy. [220] The Italian communists helped impose the rule of capital and were included in the country’s first postwar government. The situation was similar in France, where the French

Communist Party participated in the coalition government that ordered the brutal suppression of anticolonial revolts in Algeria and Indochina. [221]

This flirtation between the bourgeoisie and the communists didn't last long, however. By 1947, there no longer was any place in government for communists, neither in Italy nor in France. Delegates from both parties met with Eastern European communists to establish the Communist Information Bureau (Cominform) as a new international alliance of communist organizations. Soviet delegate Andrei Zhdanov declared that the world was now divided into an "imperialist camp" headed by the USA, and an "anti-imperialist camp" headed by the Soviet Union. One of the Yugoslav delegates, Edvard Kardelj, criticized the Italian and French communists for joining their respective governments, adopting "positions of Social-Democratism," and missing opportunities to advance the revolution. [222] For the Yugoslav communists, the formation of the Cominform signaled an offensive against imperialism. For Stalin, however, the foundation of the Cominform was a defensive measure in light of the Marshall Plan, which, among other things, aimed to drive a wedge between the new socialist states of Eastern Europe and the Soviet Union.

These different interpretations led to a serious conflict within the international communist movement. The Communist Party of Greece maintained its armed forces, even after the German occupation had ended. While the Yugoslav communists argued for increased military aid for these forces, Stalin deemed any challenge to the postwar arrangement with the Allies too risky. In a meeting with Churchill in 1944, Stalin had agreed that Greece would remain in the British sphere of influence. During the conflict with the Yugoslavs, he defended this position. In 1948, he told Milovan Djilas, a prominent Yugoslav partisan during the war and a key figure in the country's communist party, that the uprising of the Greek communists had "no prospect of success" and had to be stopped "as quickly as possible." [223] Diplomatic relations were broken off between the Soviet Union and Yugoslavia, and the Cominform denounced the latter as revisionist.

In a recent assessment of why the international communist movement turned from a force with worldwide revolutionary ambitions into the servant of the Soviet Union, historian Neil Redfern writes:

> "It is one of the great ironies of history that the Comintern, founded in a rupture with the 'social-patriots' of 1914–1918 itself objectively

> became primarily an organisation of ‘social-patriots,’ even if this was subjectively perceived as an internationalist defence of the Soviet Union. How can we explain this? For the present writer, the fundamental reason was a materialist reason—the strength of bourgeois ideology, in the imperialist countries, including in the communist movement.” [224]

I would like to add that the “strength of bourgeois ideology” was rooted in imperialism, that is, in the fact that the working classes of the imperialist countries benefited from imperialist profits.

During the 1920s, the Comintern genuinely tried to establish a worldwide, class-based, and revolutionary communist movement. It failed. The division of the global working class caused by imperialism proved too big an obstacle. In the imperialist countries, “social patriotism” reigned. Workers identified first and foremost as citizens of their respective nation states. They were integrated into the nation state’s political system and the political parties representing them were often included in government—sometimes even leading it.

The policies of the Soviet Union during and after World War II, opportunism, and Eurocentrism brought an end to the anti-imperialist agenda. This allowed imperialism to emerge relatively unscathed from the crisis it had experienced in the 1930s and 40s. Reinvigorated, it entered a new period under the uncontested leadership of the United States. Germany, which had unleashed World War II in an attempt to gain that position, was utterly defeated.

Nazism: A Labor Aristocracy Gone Mad

During the failed German Revolution of 1918–1919, social democrats and communists became bitter enemies. In order to crush the Spartacist uprising in Berlin and other communist rebellions, the ruling SPD had employed the infamous Freikorps, militias formed by reactionary German soldiers. Throughout the 1920s and into the 1930s, the communists considered social democrats to be “social fascists,” while the social democrats considered Bolshevism a grave danger. In the end, it was the Nazis who benefited from this divide in the working-class movement. The Nazi Party attracted much working-class support by appealing to nationalist sentiments. The so-called

“stab-in-the-back myth” (*Dolchstoßlegende*) was widely believed. It suggested that the reason for Germany’s defeat in World War I was the disloyalty of various sections of the population: capitalists, the political representatives of the Weimar Republic, and, not least, Jews. Many Germans, working-class people included, yearned for the country’s rebirth as a great power with enough *Lebensraum* for the German nation to flourish. For the Nazis, colonial possessions were of the utmost importance. They followed a logic that Jawaharlal Nehru described in his 1934 book *Glimpses of World History* :

> “Marx said that capitalism would have to face difficulty after difficulty, crisis after crisis, till it toppled over because of its inherent want of equilibrium. It is more than sixty years since Marx wrote, and capitalism has had many a crisis since then. But far from ending, it has survived them and has grown more powerful, except in Russia where it exists no longer. But now, as I write, it seems to be grievously sick all over the world, and doctors shake their heads about its chances of recovery. It is said that capitalism managed to prolong its life to our day because of a factor which perhaps Marx did not fully consider. This was the exploitation of colonial empires by the industrial countries of the West. This gave fresh life and prosperity to it, at the expense, of course, of the poor countries so exploited.” [225]

The Nazis’ promises appealed to the German people. In the 1932 national elections, the SPD received eight million votes, the Communist Party six, and the Nazi Party fourteen. When Hitler was appointed chancellor one year later, the Nazis set out to solve the economic crisis and reduce unemployment. A key element of their economic policies was ambitious infrastructure projects, among them the construction of the *Autobahn* , the German highway system. This provided a boost for German industry, created jobs, and increased the demand for both consumer and investment goods. By 1936, unemployment was as good as gone.

Fascism relies on an extreme form of labor aristocracy. Fascism appears when the capitalist system is in crisis, promising to solve the latter by dividing the working class along lines of nationality and race, privileging one part of the population at the expense of another. This division is enforced by brutal violence. Fascist regimes depend on the willingness of the privileged layers of the population to submit to its rule.

The Nazi Party's success was based on an alliance between German capital and the German labor aristocracy. Despite rhetorical attacks against capitalists (often equated with Jews), the Nazis never threatened capitalism, which functioned perfectly well under their regime. Instead, they turned against traditional working-class organizations. Marxism, class struggle, and socialist internationalism were to be replaced by a higher, nationalist goal: the Third Reich. This was not just talk. The Nazis persecuted, imprisoned, and killed thousands of social democrats and communists. The goal was to exterminate them from political life. [226] The traditional trade union movement was eradicated and replaced by a trade union under government control, the German Labor Front (*Deutsche Arbeitsfront*), whose leader, Robert Ley, suggested in a 1940 speech that the "Marxist" unions had not been interested in social peace because they had hoped that a deterioration of the workers' living conditions would give them more power. Ley's vision was to change Germany from a "nation of proletarians" to "a nation of rulers." He declared: "In ten years a German worker will look better than an English lord does today." [227]

The promise to extend German *Lebensraum* was an important part of Nazi propaganda. In *Mein Kampf* , Hitler described how England and Germany would divide the world between themselves. England had already created its empire by moving west (to America) and south (to India). Germany would move to the East. Eastern Europe and the Soviet Union should become Germany's India. The racist character of the Nazis' vision was beyond doubt. The conquest of territories in the East would be followed by exterminating the people there to make place for the superior Aryan nation. The fate of those not killed would be to sustain the German labor aristocracy as forced laborers. Germans were to work as administrators and overseers. In 1942, Ley discussed the treatment of Eastern Europeans living under German occupation with German business leaders. He emphasized the importance of establishing discipline: "When a Russian pig has to be beaten, it would be the ordinary German worker who would have to do it." [228]

The Nazis' racism and national chauvinism were condemned by the European powers, but as Aimé Césaire has pointed out, things were more complicated than that:

> “Yes, it would be worthwhile to study clinically, in detail, the steps taken by Hitler and Hitlerism and to reveal to the very distinguished, very humanistic, very Christian bourgeois of the twentieth century that without his being aware of it, he has a Hitler inside him, that Hitler inhabits him, that Hitler is his demon, that if he rails against him, he is being inconsistent and that, at bottom, what he cannot forgive Hitler for is not crime in itself, the crime against man, it is not the humiliation of man as such, it is the crime against the white man, the humiliation of the white man, and the fact that he applied to Europe colonialist procedures which until then had been reserved exclusively for the Arabs of Algeria, the coolies of India, and the niggers of Africa.” [229]

People from the colonies saw many similarities between fascism and imperialism. To them, fascism was not some new, shocking phenomenon. In many ways, it simply seemed to be a continuation of colonial policies. In *Black Reconstruction* , W.E.B. Du Bois showed how, during the Reconstruction Era, white Southerners fought to maintain their dominance over the Black population by means of violence and intimidation—in other words, by fascist means. [230] Du Bois was not alone in this view. The Pan-Africanist George Padmore wrote in 1939 that unrest in the British colony of Sierra Leone had caused “a frightened imperialism to use frankly Fascist measures.” [231] Given the similarities between imperialism and fascism, there is a natural connection between anti-imperialism and antifascism. This is particularly pronounced in the history of Black resistance.

World War II had pushed the colonial question to the sidelines. But once the danger of Nazism was over, the unresolved issues in the colonies could no longer be ignored. While the defeat of fascism was celebrated in London, Paris, and New York, crowds in the Algerian town of Sétif called for national independence. When Japan formally surrendered on September 2, 1945, large crowds gathered at Hanoi’s Ba Dinh Square to witness Ho Chí Minh declare Vietnam independent. In China, anti-imperialism and antifascism flowed together in the resistance against Japanese occupation.

Given the rise of Nazism in Germany, Fritz Sternberg was likely justified in his critique of Lenin and the Comintern. The lure of reformism probably had been underestimated. The labor aristocracy did not just consist of a small, top layer of the working class. In Western Europe, it comprised a significant part of the working population. Lenin did understand this toward

the end of his life, becoming increasingly convinced that conditions for socialist revolution were better in the colonies than in the imperialist countries. He broke with the Eurocentric dogma that world revolution could only spread from the imperialist center, drawing strategic conclusions from relating his analysis of the imperialist economy to class formation in the imperialist countries. This became clear in his disagreement with Rosa Luxemburg over the role of the colonies. History would prove him right. Throughout the twentieth century, a wave of anticolonial movements swept across Africa, Asia, and Latin America. The working classes of Western Europe did not contribute to the revolution. If anything, they stood in its way. It was in the colonies that the revolutionary flame was burning. [232]

The USA Between the Wars

The United States was the great victor of World War II. Its relative geographic isolation meant that its territory was hardly affected by combat. This also allowed the US to carefully choose the time and place of its involvement. Furthermore, the war had caused an economic boom that continued into the postwar era, at a time when the industrial nations of Europe lay in shambles. The top tier of US workers benefited from this enormously.

But the origins of American consumer society lie earlier, in the 1920s, when hundreds of thousands of modern homes were built and whole new industries emerged, producing everything from household appliances to automobiles. The manufacture of durable consumer goods grew twice as fast as that of nondurable ones. General Electric sold a million Monitor Top refrigerators when it introduced the model in 1927. [233] Meanwhile, Henry Ford had started the mass production of automobiles. He optimized the conveyor belt, ensured the efficiency of each step in the production chain, modernized management, and introduced mass marketing. The level the US automobile industry was at in the 1920s was only reached in Europe forty years later.

American consumer society was decades in advance of anyone else. Among the most important customers were well-off workers and farmers. In 1908, Henry Ford declared: “I will build a car for the great multitude; it will be so low in price that no man making a good salary will be unable to own one.” [234] Fifteen years later, the US was producing 83 percent of the

world’s automobiles. Fifteen million Ford Model T’s were produced, a record that was only surpassed half a century later with the mass production of the Volkswagen Beetle.

Along with the automobile industry, the oil, rubber, and glass industries were also growing. “Fordism” became a commonly used term for balancing mass production with a large consumer market. It was Henry Ford’s conviction that workers needed to earn a wage high enough to buy the goods they produced. [235] Only a market with strong purchasing power would guarantee ongoing economic growth. Fordism became the guiding principle of the American economy. Not all American workers benefited from it, however, for below the labor aristocracy of white Anglo-Saxon workers toiled a proletariat of non-European immigrants and the descendants of slaves.

An interesting conversation took place in 1927, when a delegation of American labor activists visited the Soviet Union. When Stalin mentioned that the low level of unionized labor in the US seemed to indicate a weakness in the workers’ movement, delegation members John Brophy and Paul Douglas explained the situation in detail:

> “Brophy: The small trade-union membership is not due to wrong tactics in the labour organisations, but to the general economic conditions in the country, which do not stimulate the entire mass of workers to organise, and which, thanks to their favorable character, lessen the need for the working class to fight the capitalists. Of course, these conditions will change, and as they change the trade unions will grow and the whole trade-union movement will take a different path.
>
> “Douglas: I agree with the explanation given by the previous speaker. I would add, firstly, that it must be borne in mind that in recent times in the United States the capitalists themselves have been raising wages very considerably. This process of raising wages was seen in 1917, in 1919, and later. If present-day real wages are compared with those of 1911 they will be found to be much higher.
>
> “In the process of its development the trade-union movement was built, as it is built today, on the craft principle, according to trade, and the trade unions were formed mainly for skilled workers. At the head of these unions there were certain leaders who constituted a close

organisation and strove to obtain good conditions for their members. They had no incentive to widen the trade unions or to organise the unskilled workers. … During the past ten years the American capitalists have been conducting a more enlightened policy, in that they have been forming their own trade unions, the so-called company unions. They strive to give the workers an incentive in the work of their plant, an interest in its profits, and so forth. American capitalism shows a tendency to substitute vertical division for horizontal division, that is, to split up the working class, giving it an incentive and interest in capitalism. …

"Stalin: Then another question: Why do the leaders of the American labour movement, Green and the others, so strongly oppose the formation of an independent workers' party in America?

"Brophy: Yes, the leaders did decide that there was no need to form such a party. There is a minority, however, which considers that such a party is needed. Objective conditions in America at the present time are such that, as has been pointed out already, the trade-union movement in the United States is very weak, and the weakness of the trade-union movement is, in its turn, due to the fact that the working class at present does not have to organize and fight the capitalists because the capitalists themselves raise wages and provide satisfactory material conditions for the workers. …

"Stalin: Third question. How do you explain the fact that on the question of recognising the USSR the leaders of the American Federation of Labour are more reactionary than many bourgeois?

"Brophy: I cannot give an exact explanation, but I think that the leaders of the American Federation of Labour are opposed to the recognition of Soviet Russia for the very same reason that the American Federation of Labour is not affiliated to the Amsterdam International. I think it is due to the peculiar philosophy of the American workers and to the economic difference between them and the European workers." [236]

During the 1920s, American capitalism seemed unstoppable. A glorious future seemed certain. But it all came to a grinding halt with the Great

Crash of 1929, a crisis of overproduction caused by unrestrained speculation. In 1932, the department store magnate Edward Filene wrote: “Mass production is not simply large-scale production. It is large-scale production based upon a clear understanding that increased production demands increased buying.” [237]

The crash of 1929 was only a temporary break in the success story of American capitalism. Government measures in the form of Franklin D. Roosevelt’s New Deal ensured ongoing purchasing power. The New Deal consisted of a series of reform policies akin to those of Europe’s social democrats. The United States certainly remained a capitalist society, but capitalism was now regulated by the government. This was in line with the writings of British economist John Maynard Keynes, who argued that government intervention was necessary to avoid unstable markets and social tensions. The US government implemented work projects to reduce unemployment and stimulate consumption. A pension system, unemployment benefits, and federal social services were introduced in 1935. Three years later, legislation for a minimum wage and limits on working hours was passed.

While the New Deal was inspired by European social democracy, the Nazis were inspired by the United States’s economic and political rise to power. The settlers’ conquest of the American West set an example for the German conquest of the European East, and the genocide against Native Americans and the occupation of their lands served as a model for how to extend *Lebensraum* . [238] In *Mein Kampf* , Hitler noted that the settlers had conquered the American West because they had “shot down the millions of redskins to a few hundred thousand.” In his opinion, “here in the East a similar process will repeat itself.” [239]

The Nazis were convinced that what made the USA great was racism. The end of slavery had not meant an end of discriminatory laws, not only in the form of Jim Crow in the South, but also in federal legislation, concerning everything from family life to immigration. [240] African-Americans, Chinese, Japanese, Filipinos, Puerto Ricans, Mexicans, Native Americans, and other minority groups all were second-class citizens. Hitler described the USA as the one country that had created a healthy society based on racial purity:

> “There is currently one state in which one can observe at least weak beginnings of a better conception. This is of course not our exemplary German Republic, but the American Union, in which an effort is being made to consider the dictates of reason to at least some extent. The American Union categorically refuses the immigration of physically unhealthy elements, and simply excludes the immigration of certain races. In these respects America already pays obeisance, at least in tentative first steps, to the characteristic völkisch conception of the state.” [241]

The 1935 Nuremberg Laws, which formalized the Nazis’ racist agenda, drew direct inspiration from the white supremacy that reigned in the USA. [242] Economics played an important role, of course. The displacement and mass murder of the indigenous population, slavery, the exploitation of proletarians, and imperialism had made the US the world’s leading economic power. In 1870, the USA had the world’s fourth biggest economy; by 1922, the US economy was larger than those of England, Germany, France, Italy, Belgium, Russia, and Japan combined.

Revolutionary socialism never gained a strong foothold in North America and largely disappeared from Western Europe in the 1920s. The centers of revolutionary socialism were now to be found in the East and South. Virtually all attempts at socialist revolution during the last one hundred years have occurred in the periphery or semi-periphery of the capitalist world system. The Russian Revolution of 1917 and the Chinese Revolution of 1949 are only the two most prominent examples.

chapter 3.

Anti-Imperialism During the Cold War

With the end of World War II and the USA as the capitalist world's unrivaled superpower, the character of imperialism changed. Colonialism had lost both its legitimacy and its raison d'être. The administration of the colonies had become a burden for the Europeans. The end of World War II led to a wave of decolonization, driven by liberation movements taking advantage of the window of opportunity that now presented itself. Decolonization was also supported by the US government, which was hoping for more influence in Asia and Africa.

The global order shaped by colonialism, however, did not change. The world remained divided between rich and poor countries and the political and economic structure that had created this divide was still in place. A recent analysis of global inequality by sociologist József Böröcz emphasizes the significance of the colonial legacy:

> "Even though the colonial system was destroyed two generations ago, former-colonizer societies continue to enjoy a strong global advantage (read: over and above their advantages in incomes) in terms of their redistributive institutions. Essentially, the data suggest that national schemes of redistribution have served the purpose of 'buying off' domestic working classes and other disadvantaged or disenfranchised segments of society from the global spoils of the colonial loot, even as recently as two generations after colonialism's end.
>
> "On the other hand, the colonial legacy is making itself felt very strongly in the context of erstwhile-colonized, recently-independent societies. In fact, of the two effects of colonialism, the negative effects of a colonial history are consistently numerically greater than the advantages derived by the former colonizers.
>
> "Finally, we have been able to isolate an important additional historical legacy that contributes to increasing the likelihood of effectively functioning redistributive institutions: the institutional inheritance of state socialism. The effect of this legacy fades somewhat, as we move away in time from the end of state socialism in the Soviet 'Bloc,' but

> the effects are still there, still statistically significant and point in the expected direction overall. In some ways, it ought not to be surprising that 'history matters.' …
>
> "As our world is organized today, the poorest societies of the world are afflicted not only by an unacceptably extreme level of global disparities in income; they are also less likely to benefit from redistributive policies, especially if they are citizens of not only poor, but (as it is very often the case) also recently independent, erstwhile-colonized states, and do not have a state socialist legacy to rely on. To a large extent, the current moral panic regarding a putatively mass influx of redistribution-dependent foreign populations in the European Union's Schengen area thematizes these inequalities in a brutally direct way. That is especially so because a powerful theme of the anti-immigration, anti-asylum, and anti-human-rights rhetoric uses a 'welfare-nationalist' argument. This is the world that colonial oppression and its twin, neoliberal hegemony, have left for humankind, in a nutshell." [243]

Imperialism and the Western Working Class

The postwar era not only signaled the end of colonialism, it also saw the Soviet Union and the new state socialist countries of Eastern Europe consolidate in an economic, political, and military bloc independent from imperialism. During the 1950s, this bloc kept the old colonial powers and the USA in check and helped national liberation movements to flourish. Decolonization was not the work of the Soviet Union, though, it was the result of popular movements whose politics were often far more radical than anything advised by Moscow. India became independent in 1947, China declared the People's Republic in 1949, and many Asian and African countries became sovereign states in the 1960s. Imperialism was entering a new phase: neocolonialism, as it was soon being called, meaning that the colonies had won formal independence but were still economically and politically dominated by the old colonizers.

It took until the oil shock of 1973 for imperialism to hit a crisis again. Prior to that, there was a decades-long economic boom in the imperialist nations, which cemented the welfare state. As I mentioned in the

introduction to this book, I experienced this personally. Not only did the standard of living of my working-class parents increase significantly during my childhood, but my youth was characterized by the arrival of consumer society. For my confirmation, I got a tape recorder. My main interests were clothes and music. The minimum wage, unemployment benefits, health insurance, and social services mitigated the existential threats of losing one's job or falling ill. The social welfare state put a human face on capitalism. Social democratic parties were in power in numerous European countries.

None of this, however, changed the character of imperialism, or the way in which European workers related to proletarians in Asia, Africa, and Latin America. Imperialism served the interests of both the bourgeoisie and the working class in the imperialist countries. The welfare of the nation meant the welfare of all classes; the fight for socialism was a national one. Shortly after the war, the British Labour government under Clement Attlee sent war ships to the Sudan "to do anything to maintain peace and order" in the colony. [244] In Kenya, the Attlee government brutally crushed workers' uprisings in the late 1940s: strikes were prohibited, emergency laws implemented, and workers violently forced to return to their jobs; instead of raising their pitiful wages, a salary freeze was imposed. When coal miners went on strike in another British colony, Nigeria, the Labour government did not see this as a legitimate way for workers to demand a raise; instead, they sent security forces to "restore order," resulting in the deaths of twenty-one miners. [245]

The situation was similar in France. The French workers' movement displayed the same pro-imperialist tendencies and the same lack of solidarity with proletarians in the colonies as the British. There was very little support when the Algerian liberation struggle was launched in the 1950s. Even the Communist Party took a racist and pro-imperialist stance, not least because they had a significant number of members among French workers in the colony. Playing a role comparable to that of white workers in South Africa, the French workers in Algeria received much higher wages than the locals and enjoyed a number of social privileges. In her autobiography, Simone de Beauvoir wrote the following about the Communist Party's inaction:

> “It made no effort to combat the racism of the French workers, who considered the 400,000 North Africans settled in France as both intruders doing them out of jobs and as a subproletariat worthy only of contempt. … What is certain is that by the end of June [1955] all resistance to the war had ceased. … The entire population of the country—workers and employers, farmers and professional people, civilians and soldiers—were caught up in a great tide of chauvinism and racism. … What did appall me was to see the vast majority of the French people turn chauvinist and to realize the depth of their racist attitude.” [246]

In the USA, too, the white working class generally supported US imperialism. The American trade union movement fully supported the government’s anti-communist line and its foreign policy in Asia, Africa, and Latin America. The protests against the Vietnam War were not carried out by the white working class, but by students, intellectuals, and the Black liberation movement. The latter took an explicitly anti-imperialist stance and condemned the US occupation, domination, and exploitation of Third World countries. Heavyweight champion Muhammad Ali famously declared that he had “no quarrel with them Viet-Cong.” [247]

If there were any reservations toward the war in Vietnam among the white working class, it was because many white working-class people died in Vietnam. This, however, did not prevent powerful trade unions from organizing a “Support the Boys” march in New York City in May 1967. As they walked down Fifth Avenue, they brandished signs saying “Bomb Beijing” and “Drop the A-Bomb Over Hanoi.” [248] Later that year, thirteen major trade unions gathered for their annual congresses. All in all, 3,542 delegates participated. Each congress held a vote on the war in Vietnam: a total of 1,448 delegates supported the government’s policy, 1,368 wanted to see more military engagement, 471 less, and a mere 235, that is, 7 percent, demanded a withdrawal of US troops. [249] Some months later, the Nixon government not only intensified military operations in Vietnam, but also invaded neighboring Cambodia. At Kent State, twelve students were shot (and four killed) during an anti-war demonstration, yet trade union support for the war only increased. Joseph Beirne, vice president of the AFL-CIO, explained in a speech why resistance against the war hurt the interests of the American working class:

> “Suppose last night, instead of escalating into Cambodia, President Nixon said we are pulling every man out in the quickest manner, with airplanes and ships; if he had said that last night, this morning the Pentagon would have notified thousands of companies and said, ‘Your contract is cancelled’—by tomorrow millions would be laid off. The effect of our war, while it is going on, is to keep an economic pipeline loaded with a turnover of dollars because people are employed in manufacturing the things of war. If you ended that tomorrow these same people wouldn’t start making houses.” [250]

During the big anti-war demonstrations in May 1970, construction workers in hard hats attacked protesters with clubs and steel pipes; several hundred were injured, yet the police hardly intervened. The attackers were not some fringe extremists: in New York alone, trade unions mobilized more than one hundred thousand workers to join a rally supporting Nixon’s Indochina policy. The president expressed his gratitude for this “very meaningful” show of support, at the end of which he received a hard hat with the inscription “Commander in Chief.” [251] For Michael Yates, who has studied the American workers’ movement for decades, none of this is surprising:

> “Nowhere was the labor movement more nationalistic and anchored in imperialism than in the United States. While there have been individual workers, unions, and movements devoted to the concept and practice of international solidarity, these have always been a minority and suffered decisive defeats at the hands of their more numerous opponents. The historical record is both appalling and tragic. At every critical juncture, labor stood against internationalism.” [252]

It would be inaccurate to say that the Danish working class supported the war in Vietnam. It was simply indifferent to it. For Danish workers, not much seemed at stake. The Sailors’ Union, which was led by communists, had no objection to its members sailing to Saigon as long as they got the benefits for delivering to high-risk areas, as stipulated in their contracts. [253] As in the USA, the resistance against the Vietnam War was carried out by young people and students.

Anti-Imperialism in the Third World

Decolonization brought a new name for the former colonies. They were now called “developing countries.” In his 1949 inauguration speech, US President Harry S. Truman defined Africa, Asia, and Latin America as “underdeveloped areas,” while the US was “pre-eminent among nations in the development of industrial and scientific techniques.” Essentially, this was an American version of Eurocentrism, implying that underdevelopment had disappeared from North America with the arrival of the Europeans. European societies were the ideal that former colonies were to aspire to. In practice, this meant ongoing (“post-colonial”) imperialism—economically, ideologically, and culturally. The supposedly developed nations—in particular, the Scandinavian countries and Canada—sent funds and experts to Third World countries to improve their living conditions. Under colonialism, the West had brought civilization; now it brought development. This was presented as an alternative to communism, which supposedly had nothing to do with development. [254]

There was another name for the former colonies that became popular. They were called the “Third World.” The origin of the term lies in the opposition between the capitalist West and the communist East. In 1952, the French demographer Alfred Sauvy wrote an article titled “Trois mondes, une planète” (Three Worlds, One Planet) for the French news magazine *L’Observateur* . Sauvy contended that the division of the world into two camps was too simple. There was a “Third World” that could be included neither in Western capitalism, the First World, nor in state socialism, the Second World. The term was politically loaded; Sauvy was making reference to the unpropertied third estate’s uprising against aristocrats and clerics during the French Revolution: “This Third World—ignored, exploited, and despised, much like the third estate—wants to be valued.” [255]

By the early 1960s, the term had been adopted by many radical movements eager to free themselves from Euro-American dominance. They saw the problems of the “underdeveloped” countries as a consequence of colonialism and neocolonialism. National independence was seen as key to liberation.

In its 500-year history, capitalism has shaped our social, political, and cultural life. Imperialism has divided the world into a center and a periphery. Class struggle and war have determined the power structures we are subjected to. The modern nation state itself is a product of capitalism.

Capitalism needs the state to mitigate its contradictions and to administer its expansion. Otherwise, it would hit the wall at full speed.

The form the nation state takes is determined by class struggle. It is not something that capital can impose. The state can also come in conflict with capital. The struggle for an independent nation state can be progressive or reactionary, depending on the classes involved, the power relations between them, and the role that the nation in question plays in the global order. Nationalism in Europe on the eve of World War I was reactionary, and so is the current wave of nationalism in Europe and North America. In First World countries, national sovereignty is used to defend privileges. But this does not make the struggle for national independence reactionary per se. The national liberation struggles that fought against colonialism and imperialism were progressive. Their goal was to liberate people from oppression and exploitation. We can only evaluate struggles for national sovereignty if we can assess the nation's position within the global capitalist system and understand the class dynamics at play.

A formative event for the political unification of the Third World was the Bandung Conference of 1955. Representatives of twenty-nine Asian and African countries, China included, and of several national liberation movements gathered on the island of Java. [256] The goal was to establish a "non-aligned bloc," that is, an alliance of countries pledging allegiance to neither the West nor the East. The conference inspired a wave of global resistance to imperialism.

The reason a non-aligned bloc of this kind was able to emerge lay in the hostility between West and East during the Cold War. This opened up a gap that smaller countries could enter to raise their voice and set their own agenda. Nationalist leaders such as Nehru in India, Sukarno in Indonesia, and Nasser in Egypt shared a common goal with Third World communist parties, namely economic self-reliance. But they didn't agree on the strategy to achieve it. Was a movement led by the national bourgeoisie necessary? Or rather an alliance of peasants, workers, and the middle class under communist leadership? There was no consensus on the issue, not even within the communist movement. The parties loyal to Moscow insisted that the working classes and communist organizations of the Third World were not strong enough to assume leadership and were therefore required to form alliances with anti-imperialists within the national bourgeoisie. Movements based on such alliances often advocated an ambiguous "non-capitalist

road.” Nasserism in Egypt was a prime example of this. The Communist Party of China, on the other hand, held the view that only an alliance of peasants and workers led by a communist party could defeat imperialism. This disagreement contributed to the split that occurred in the international communist movement in the 1960s.

The people of the Third World had different experiences with nationalism during decolonization. First, nationalism appeared as a progressive tool to gain independence. It stood for the rejection of colonialism and self-reliance. But the consequences of a successful struggle for independence depended very much on the composition of the nationalist movement (its main actors, their interests, and so on), and on the relationships between the classes: bourgeoisie, petty bourgeoisie, proletariat, and peasantry. The strength of the anti-imperialist movement in the Third World nourished the hope that, once independent, Third World nations would develop welfare states or even introduce socialism. But people overlooked the fact that the First World’s welfare capitalism required the reckless exploitation of the Third World. Still, the defeat of colonialism was a progressive step and brought material improvement in people’s lives. As Samir Amin has noted: “[I]n thirty years, the horrible regime of Mobutu led to the production of an education capital in Congo forty times higher than what the Belgians achieved in eighty years.” [257] But Third World nationalism was only progressive when it envisaged a clear break with the capitalist system. Otherwise, it was simply a tool to secure the power of a new national elite.

Despite the often radical history of liberation movements, most focused on capitalist development once they came to power. Land reforms were rare, and mines, industries, and banks were not nationalized. This led to a slow erosion of the vision of the Bandung period, and to the decline of liberation struggles with a socialist perspective.

The wave of anti-imperialist movements of the 1960s did have a strong impact on anti-imperialist theory, though. Marxist thought had not developed much since the 1920s, having mainly been preoccupied with defending the Soviet Union; if there was any theoretical innovation it came from the Trotskyist camp. Now, however, people involved in anticolonial and anti-imperialist struggles made important contributions: Mao, Kwame Nkrumah, Amílcar Cabral, Che Guevara, Frantz Fanon, and others. They

laid the foundations for what would later become known as dependency theory.

- *Kwame Nkrumah*

In 1957, Kwame Nkrumah became the first prime minister of newly independent Ghana. Three years later he was president. Nkrumah was a pan-Africanist and played a key role in establishing the Organization of African Unity in 1963. In 1966, his government was ousted by a military coup backed by Western countries. Together with the work of Che Guevara, Nkrumah's 1965 book *Neo-Colonialism: The Last Stage of Imperialism* was largely responsible for popularizing "neo-colonialism" as a term. Nkrumah wrote:

> "The essence of neo-colonialism is that the State which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty. In reality its economic system and thus its political policy is directed from outside. … The result of neo-colonialism is that foreign capital is used for the exploitation rather than for the development of the less developed parts of the world. Investment under neo-colonialism increases rather than decreases the gap between the rich and the poor countries of the world." [258]

Nkrumah not only analyzed traditional forms of imperialist exploitation, such as profits made from foreign investments and interest rates on loans, but also presented examples for what Arghiri Emmanuel later called unequal exchange:

> "On the economic front, a strong factor favouring Western monopolies and acting against the developing world is international capital's control of the world market, as well as of the prices of commodities bought and sold there. From 1951 to 1961, without taking oil into consideration, the general level of prices for primary products fell by 33.1 per cent, while prices of manufactured goods rose 3.5 per cent (within which, machinery and equipment prices rose 31.3 per cent)." [259]

Nkrumah also addressed the situation in the imperialist center after World War II:

> “In the industrially more developed countries, capitalism, far from disappearing, became infinitely stronger. This strength was only achieved by the sacrifice of two principles which had inspired early capitalism, namely the subjugation of the working classes within each individual country and the exclusion of the State from any say in the control of capitalist enterprise. By abandoning these two principles and substituting for them ‘welfare states’ based on high working-class living standards and on a State-regulated capitalism at home, the developed countries succeeded in exporting their internal problem and transferring the conflict between rich and poor from the national to the international stage. … Today the need both to maintain a welfare state, i.e. a parasite State at home, and to support a huge and ever-growing burden of armament costs makes it absolutely essential for developed capitalist countries to secure the maximum return in profit from such parts of the international financial complex as they control. However much private capitalism is exhorted to bring about rapid development and a rising standard of living in the less developed areas of the world, those who manipulate the system realise the inconsistency between doing this and producing at the same time the funds necessary to maintain the sinews of war and the welfare state at home. They know when it comes to the issue they will be excused if they fail to provide for a world-wide rise in the standard of living. They know they will never be forgiven it they betray the system and produce a crisis at home which either destroys the affluent State or interferes with its military preparedness.” [260]

Nkrumah strongly believed in the unity of Third World countries and Pan-African collaboration as requirements to end neocolonialism:

> “Quite obviously, therefore, *unity* is the first requisite for destroying neo-colonialism. Primary and basic is the need for an all-union government on the much divided continent of Africa. Along with that, a strengthening of the Afro-Asian Solidarity Organisation and the spirit of Bandung is already under way. To it, we must seek the adherence on an increasingly formal basis of our Latin American brothers.” [261]

Although Nkrumah had identified the danger of neocolonialism and warned fellow African leaders about it, he eventually fell into its trap. Nkrumah

saw the gigantic Akosombo hydroelectric dam project, originally planned by Britain's colonial administration, as key to the industrialization of Ghana. He hoped not only that it would speed up the country's electrification, but also that it would boost aluminum production, which promised to bring foreign currency to the country. But Nkrumah had great difficulty financing the project. Eventually, he agreed to bring two US firms on board, Volta Aluminum and Kaiser Aluminum. Additional funding came from the International Bank for Reconstruction and Development, which belongs to the World Bank Group. The dam was completed in 1965, yet while the US firms benefited from the highly subsidized power supply, the import of bauxite raw materials undermined Ghana's economic development. Nkrumah's attempt to finance Ghana's industrialization with the help of Western capital ended in failure. His government had not been able to control the process. Worse, corruption spread and megalomaniac projects with little or no benefit to the Ghanaian people or the country's infrastructure were funded by those in power. [262] In addition, Ghana's cocoa industry, which had brought a considerable sum of foreign currency to the country, collapsed due to falling prices on the world market. Eventually, Africa's first independent nation was on the verge of bankruptcy. By then, Nkrumah had become an outspoken critic of capitalism and advocated a particular form of African socialism. This prompted the Western-backed coup. Nkrumah's fate serves as a prime example of the difficulties in turning formal into real independence.

- *Amílcar Cabral*

Amílcar Cabral led the struggle against the Portuguese colonizers in Guinea-Bissau and Cape Verde from 1963 until his death ten years later. He was one of the era's most important anti-imperialist theorists. In a 1964 talk, he described neocolonialism:

> "After the Second World War, imperialism entered on a new phase: on the one hand, it worked out the new policy of aid, i.e. granted independence to the occupied countries plus 'aid' and, on the other hand, concentrated on preferential investment in the European countries; this was, above all, an attempt at rationalising imperialism. … As we see it, neocolonialism is more a defeat for the international working class than for the colonised peoples. Neocolonialism is at

> work on two fronts—in Europe as well as in the underdeveloped countries. Its current framework in the underdeveloped countries is the policy of aid, and one of the essential aims of this policy is to create a false bourgeoisie to put a brake on the revolution and to enlarge the possibilities of the petty bourgeoisie as a neutraliser of the revolution; at the same time it invests capital in France, Italy, Belgium, England and so on. In our opinion the aim of this is to stimulate the growth of a workers' aristocracy, to enlarge the field of action of the petty bourgeoisie so as to block the revolution. In our opinion it is under this aspect that neocolonialism and the relations between the international working class movement and our movements must be analysed." [263]

With respect to the class structure of Guinea-Bissau, Cabral noted that working-class settlers were often the most reactionary:

> "The European settlers are, in general, hostile to the idea of national liberation; they are the human instruments of the colonial state in our country and they therefore reject a priori any idea of national liberation there. It has to be said that the Europeans most bitterly opposed to the idea of national liberation are the workers, while we have sometimes found considerable sympathy for our struggle among certain members of the European petty bourgeoisie." [264]

Given the near absence of an industrial working class and the dominance of petty-bourgeois forces in the national liberation movement, Cabral suggested that the petty bourgeoisie needed to commit "class suicide." [265] In his speech at the first Tricontinental Conference of the Peoples of Asia, Africa, and Latin America, hosted in Havana in January 1966, he stated:

> "To retain the power which national liberation puts in its hands, the petty bourgeoisie has only one path: to give free rein to its natural tendencies to become more bourgeois, to permit the development of a bureaucratic and intermediary bourgeoisie in the commercial cycle, in order to transform itself into a national pseudo-bourgeoisie, that is to say in order to negate the revolution and necessarily ally [with international capital]. In order not to betray these objectives the petty bourgeoisie has only one choice: to strengthen its revolutionary consciousness, to reject the temptations of becoming more bourgeois and the natural concerns of its class mentality, to identify itself with the

> working classes and not to oppose the normal development of the process of revolution. This means that in order to truly fulfill the role in the national liberation struggle, the revolutionary petty bourgeoisie must be capable of committing suicide as a class in order to be reborn as revolutionary workers, completely identified with the deepest aspirations of the people to which they belong." [266]

It is questionable, however, whether any petty bourgeoisies did in fact commit suicide during the course of the national liberation struggles. In most former colonies, they became powerful national bourgeoisies once the struggle was victorious. No class in history has ever committed class suicide, though individual members of certain classes have fought against their own class interests and in the interests of a different class.

Cabral also had an important message for the European left about its tasks in the revolutionary struggle:

> "There is … another aspect I should like to raise and that is that the European left has an intellectual responsibility to study the concrete conditions in our country and help us in this way, as we have very little documentation, very few intellectuals, very little chance to do this kind of work ourselves, and yet it is of key importance: this is a major contribution you can make. Another thing you can do is to support the really revolutionary national liberation movements by all possible means. You must analyse and study these movements and combat in Europe, by all possible means, everything which can be used to further the repression against our peoples. … Moreover, you must unmask courageously all the national liberation movements which are under the thumb of imperialism. … To end up, I should just like to make one last point about solidarity between the international working class movement and our national liberation struggle. There are two alternatives: either we admit that there really is a struggle against imperialism which interests everybody, or we deny it. If, as would seem from all the evidence, imperialism exists and is trying simultaneously to dominate the working class in all the advanced countries and smother the national liberation movements in all the underdeveloped countries, then there is only one enemy against whom we are fighting. If we are fighting together, then I think the main aspect of our solidarity is extremely simple: it is to fight—I don't think there

> is any need to discuss this very much. We are struggling in Guinea with guns in our hands, you must struggle in your countries as well—I don't say with guns in your hands, I'm not going to tell you how to struggle, that's your business; but you must find the best means and the best forms of fighting against our common enemy: this is the best form of solidarity. There are, of course, other secondary forms of solidarity: publishing material, sending medicine, etc.; I can guarantee you that if tomorrow we make a breakthrough and you are engaged in an armed struggle against imperialism in Europe we will send you some medicine too." [267]

With respect to European leftists criticizing certain aspects of national liberation struggles, Cabral had the following to say:

> "The criticism reminds me of a story about some lions: there is a group of lions who are shown a picture of a lion lying on the ground and a man holding a gun with his foot on the lion (as everybody knows the lion is proud of being king of the jungle); one of the lions looks at the picture and says, 'if only we lions could paint.' If only one of the leaders of one of the new African countries could take time off from the terrible problems in his own country and become a critic of the European left and say all he had to say about the retreat of the revolution in Europe, of a certain apathy in some European countries and of the false hopes which we have all had in certain European groups…" [268]

In 1973, Cabral was assassinated by Portuguese agents. Guinea-Bissau and Cape Verde became independent a short time thereafter.

- *Che Guevara*

Like Kwame Nkrumah and Amílcar Cabral, Che Guevara was fully aware that national liberation was only a first step in gaining independence and that internationalism was necessary for the anti-imperialist struggle to succeed. At a February 1965 seminar on Economic Afro-Asian Solidarity in Algiers he explained that:

> "It is imperative to take political power and to get rid of the oppressor classes. But then the second stage of the struggle, which may be even

> more difficult than the first, must be faced. … Ever since monopoly capital took over the world, it has kept the greater part of humanity in poverty, dividing all the profits among the group of the most powerful countries. The standard of living in those countries is based on the extreme poverty of our countries. To raise the living standards of the underdeveloped nations, therefore, we must fight against imperialism. And each time a country is torn away from the imperialist tree, it is not only a partial battle won against the main enemy but it also contributes to the real weakening of that enemy, and is one more step toward the final victory. There are no borders in this struggle to the death. We cannot be indifferent to what happens anywhere in the world, because a victory by any country over imperialism is our victory, just as any country's defeat is a defeat for all of us. The practice of proletarian internationalism is not only a duty for the peoples struggling for a better future; it is also an inescapable necessity." [269]

These were not just nice words. At the time, Che was preparing to leave for the Congo in order to support that country's liberation movement. In 1966, before leaving for another revolutionary mission, this time in Bolivia, Che wrote a "Message to the Tricontinental," addressing the newly formed Organization of Solidarity with the Peoples of Asia, Africa, and Latin America, based in Cuba:

> "In Asia, as we have seen, the situation is explosive, and Vietnam and Laos, where the struggle is now going on, are not the only points of friction. The same holds true for Cambodia, where at any moment the United States might launch a direct attack. We should add Thailand, Malaysia, and, of course, Indonesia, where we cannot believe that the final word has been spoken despite the annihilation of the Communist Party of that country after the reactionaries took power. And, of course, the Middle East.
>
> "In Latin America, the struggle is going on arms in hand in Guatemala, Colombia, Venezuela, and Bolivia, and the first outbreaks are already beginning in Brazil. Other centers of resistance have appeared and been extinguished. But almost all the countries of this continent are ripe for a struggle of the kind that, to be triumphant, cannot settle for anything less than the establishment of a government of a socialist

nature. … The great lesson of the guerrillas' invincibility is taking hold among the masses of the dispossessed. The galvanization of the national spirit; the preparation for more difficult tasks, for resistance to more violent repression.

"And let us develop genuine proletarian internationalism, with international proletarian armies. Let the flag under which we fight be the sacred cause of the liberation of humanity, so that to die under the colors of Vietnam, Venezuela, Guatemala, Laos, Guinea, Colombia, Bolivia, Brazil—to mention only the current scenes of armed struggle—will be equally glorious and desirable for a Latin American, an Asian, an African and even a European.

"How close and bright would the future appear if two, three, many Vietnams flowered on the face of the globe, with their quota of death and their immense tragedies, with their daily heroism, with their repeated blows against imperialism, forcing it to disperse its forces under the lash of the growing hatred of the peoples of the world!

"And if we were capable of uniting in order to give our blows greater solidity and certainty, so that the aid of all kinds to the peoples in struggle was even more effective—how great the future would be, and how near!" [270]

- *Lack of European Solidarity*

It was no secret that European support for the anti-imperialist struggle was very limited. In a 1973 article, Julius K. Nyerere, then president of Tanzania, compared Europe's nineteenth-century proletariat to the poor nations of the twentieth century:

"'To him that hath shall be given' is a law of capitalist and international economics; wealth produces wealth, and poverty poverty. Further, the poverty of the poor is a function of the wealth of the rich. … For the poor nations are now in the position of a worker in nineteenth-century Europe. … The only difference between the two situations is that the beneficiaries in the international situation now are the national economies of the rich nations—which includes the working class of those nations. And the disagreements about division

> of the spoils, which used to exist between members of the capitalist class in the nineteenth century, are now represented by disagreement about the division of the spoils between workers and capitalists in the rich economies." [271]

In 1963, D.N. Aidit, an influential figure in the Communist Party of Indonesia (at the time the third biggest in the world), made the following comparison:

> "On a world scale, Asia, Africa, and Latin America are the village of the world, while Europe and North America are the town of the world. If the world revolution is to be victorious, there is no other way than for the world proletariat to give prominence to the revolutions in Asia, Africa, and Latin America, that is to say, the revolutions in the village of the world. In order to win the world revolution the world proletariat must go to these three continents." [272]

This view was echoed by the former deputy vice premier of the People's Republic of China, Lin Biao, most notably in his 1965 book *Long Live the Victory of People's War!* Lin Biao applied the experience of the Chinese Revolution, in which peasants had encircled and taken over urban areas, to the entire globe. He saw Third World countries as the countryside encroaching on the center of the First World.

Frantz Fanon, the famous political theorist and philosopher from the French overseas department of Martinique, criticized the dehumanizing effect that colonialism had on indigenous populations. His most famous work, *The Wretched of the Earth* , was an important source of inspiration both for Third World liberation movements and for African-American resistance in the USA. Concerning the relationship between First World and Third World workers, Fanon wrote:

> "The 'metropolitan' capitalists allow social advantages and wage increases to be wrung from them by their workers to the exact extent to which the colonialist state allows them to exploit and make raids on the occupied territories. At the critical point at which the colonized peoples fling themselves into the struggle and demand their independence a critical period elapses in the course of which, paradoxically, the interest of the 'metropolitan' workers and peasants seems to go counter to that of the colonized peoples." [273]

- *Revolutionary Prospects*

All of the above quotes from revolutionary Third World theorists reflect the fact that, with the exception of the Irish liberation struggle, there have been no significant revolutionary movements in the Western world since the defeat of the German, Finnish, and Hungarian Revolutions of 1918–1919. The quotes confirm that the revolutionary impetus shifted south, where it took the form of anticolonial and anti-imperialist movements. Algeria freed itself from French rule in 1962. The Ethiopian emperor Haile Selassie was ousted in 1974, while the liberation struggle in Eritrea continued. There were revolutionary movements in the Congo and in the Portuguese colonies of Angola, Mozambique, Guinea-Bissau, and Cape Verde. There was armed resistance against Ian Smith's settler regime in Rhodesia and militant struggle against apartheid in South Africa and South African rule in Namibia. In Asia, India became independent in 1947, the People's Republic of China was proclaimed in 1949, and the people of Vietnam chased away the French before successfully taking on the world's greatest superpower, the USA. There were revolutionary movements in the northeast of India, in Cambodia, Laos, Thailand, the Philippines, and other countries. In the Middle East, nationalist regimes led by the petty bourgeoisie had come to power in Egypt, Syria, and Iraq. The liberation struggle in Palestine received much international attention. A left-wing government came to power in South Yemen. The liberation struggle in Oman was on the rise. In Iran, there was widespread resistance against the Shah. In Latin America, the Cuban Revolution succeeded in 1959. Socialist movements were active from Guatemala to Chile. If, in the early 1970s, one looked at a map of the world and took note of all the countries that had active liberation movements, the future looked very promising indeed. Millions of people were mobilized by the promise of socialism. There were over forty attempted revolutions in the Third World between 1945 and 1975.

The Rebellion of 1968

In the midst of this revolutionary period occurred the rebellion of 1968, which swept the entire globe. While it has become commonplace to refer to "the Sixties" as a period of cultural upheaval, the political aspects of the era are often neglected. What was unique about the year 1968 was that

rebellions occurred in all “three worlds” at the same time: young people and students rose up in Western Europe and North America; “actually existing socialism” [274] was under attack in Prague; and there was unrest in many Third World cities, from Mexico City to Manila.

In the West, the rebellion against authority figures—parents, teachers, government officials—received the most attention. In the East, actually existing socialism seemed unable to deliver on its promise of a more equal and democratic world. The Soviet Union had made a compromise with imperialism by dividing the world into spheres of control. A New Left appeared that criticized both capitalism and actually existing socialism. It addressed issues that, for a long time, had only been granted secondary status within the left: gender, race, the oppression of indigenous peoples, sexuality, ecology. While earlier generations of communists had deemed it unnecessary to deal with these questions before the class struggle brought about the revolution, younger militants insisted on dealing with them here and now—waiting for the revolution seemed too tedious.

The imperialist state was under pressure in the late 1960s and early 1970s, both because of the liberation movements in the Third World and because of economic problems and social unrest at home. In 1969, *Life* magazine published a series of articles under the heading “Revolution: What are the causes? How does it start? Can it happen here?” [275] In the USA, capitalists felt threatened by the decline of American hegemony and the rise of radical mobilizations. In 1976, Leonard Silk and David Vogel published a book titled *Ethics and Profits: The Crisis of Confidence in American Business* . It was based on anonymous interviews with 360 executives from large US companies. One of them stated: “The American capitalist system is confronting its darkest hour. … If we don’t take action now, we will see our own demise. We will evolve into another social democracy.” [276]

Neoliberalism and new military strategies came to the system’s rescue. But while the “Spirit of 68” might have vanished by the end of the 1970s, it had lasting consequences. Authority figures were no longer untouchable, and the USA was no longer a hegemonic power. The radical left had become more diverse and less hierarchically organized. And there were theoretical developments, not least with respect to the analysis of imperialism.

My own political biography was strongly impacted by all of this. I was politicized in the context of the student rebellion in Denmark and the anti-imperialist resistance in the Third World. Of particular importance was my first encounter with KAK in 1969.

KAK—The Communist Working Circle

The Communist Working Circle was founded in 1963, when literary historian Gotfred Appel was expelled from the Danish Communist Party (DKP). Appel had been a Party member since 1945; he had joined the DKP because, like many Danes of his generation, he was impressed by the leading role it had played in the resistance against the German occupation during World War II. Appel was trained at the Higher Party School in Moscow and upon his return to Denmark he led study circles to teach new DKP members the foundations of Marxism. He also taught Danish and English at the Chinese embassy in Copenhagen. Later, he was put in charge of the DKP press *Tidens forlag* , and wrote, with a focus on foreign policy, for the DKP's daily newspaper *Land og Folk* .

Developments in China were always among Appel's chief interests. When ideological disputes between Moscow and Beijing emerged in the early 1960s, Appel sided with Beijing. He shared the Chinese critique of "modern revisionism" and of "peaceful coexistence" with imperialism. For Appel, there was a contradiction between the Soviet Union's revolutionary and anti-imperialist rhetoric and the country's actual policies. He also agreed with the Chinese analysis that class struggle continued under socialism and that it was a reality in the Soviet Union as well as in the People's Republic of China. In 1963, Appel left *Land og Folk* to work for the Chinese embassy's journal *Bulletin* . When he was expelled from the DKP shortly thereafter, he and twenty other DKP dissidents founded the Communist Working Circle. KAK was Europe's first Maoist organization and maintained close contact with the Communist Party of China. Appel visited China several times; as a KAK representative, he got to greet thousands of Chinese red guards marching across Tiananmen Square.

KAK translated and printed Mao's "Little Red Book" and other CPC publications, and published its own journal, *Kommunistisk Orientering* . KAK members took working-class jobs in Copenhagen, for example at the Burmeister and Wain shipyard, the F.L. Smith machine factory, and the

Tuborg and Carlsberg breweries. They criticized the DKP's reformism in leaflets handed out to colleagues and in union meetings, trying to radicalize the workforce.

Appel was above all a Leninist. Whenever he encountered a problem, his first question was: "What does Lenin have to say?" Usually, he found an answer in the forty-six volumes of Lenin's *Collected Works* he kept neatly lined up on his shelves. Appel was also very fond of Mao's *On Contradiction* , a text he deemed crucial for understanding the world's main lines of conflict. According to Appel, Marxism was an exact science, and he was always looking for the objective forces pushing socialism forward. A socialist future was inevitable, even if it required taking detours. Appel's belief in historical materialism was unshakable. This also had practical consequences. Unlike all other organizations of the Danish left, KAK did not mobilize against Denmark joining the European Community (the predecessor of the EU) in 1973. We felt the European Community provided the political framework required by monopoly capital, that it would accelerate capitalism's development and therefore also its downfall. In order to advance toward socialism, the Danish working class needed to be at the center of global capitalist dynamics, not tucked away in a comfortable and prosperous little country.

KAK's attempts to radicalize the Danish working class were unsuccessful. Danish workers struggled for little more than higher wages. Socialism held no appeal and solidarity with the working classes in the Third World was not on the agenda. This, in combination with the enormous spread of anti-imperialist movements in the Third World, made Appel reconsider his approach in 1966. He no doubt studied Lenin in his quest to develop a new practice. It was probably Lenin's writings on imperialism that made the biggest impression on him. At that point in time, Western Marxism had not paid them much attention for years. KAK would develop a unique profile within the European left. A series of articles under the heading "Perspektiverne for vor kamp" (Perspectives for our Struggle) were published in *Kommunistisk Orientering* . One of them explained: "The working class has no chance of toppling the capitalist class and introducing socialism before the foundation of the capitalist class has been undermined by the struggle and at least partial victory of the peoples of Asia, Africa, and Latin America." [277]

KAK defined US imperialism as the main enemy and Vietnam as the focal point of anti-imperialist resistance. There was no possibility for revolution in the Western countries and none would arise “before the capitalist class loses the ability to exploit the former and remaining colonies.” It was necessary to fight reformism and revisionism in a working class “whose main base is the so-called labor aristocracy.” The labor aristocracy “had to fight for higher wages and better living conditions, but only superprofits allowed the capitalist class to give in to some of their demands.” Once these demands were met, however, the capitalist class no longer needed to derail the working class from “its historic mission to be the next ruling class and establish socialism”—this was already taken care of by “the leaders of the working-class movement.” The working classes in the imperialist countries found themselves in an ambivalent position: “bribed with crumbs of the superprofits on the one hand, exploited on the other—the bribe being temporary, the exploitation being permanent.” [278] KAK’s conclusion was: “The main objective task that the Danish working class is facing today is the struggle against US imperialism and the active support of the Vietnamese people and of all oppressed nations and peoples in their anti-imperialist struggles. The main task of revolutionary communists in Denmark is to mobilize the working class to provide that support.” [279] In short, in order for revolutionary movements in Western Europe to reappear, the Third World had to throw off the yoke of imperialism, cut all ties with the rich countries, and stop the flow of superprofits.

KAK used terms like “parasite state” and “bribing” to emphasize its political perspective. Today, the usefulness of the latter term seems limited. The word “bribe” suggests a conscious motive on the part of both the receiving and the giving end. However, individual capitalists did not hand individual workers any “bribes” to prevent them from making revolution. The working class had to fight for higher wages and to improve their living conditions. These struggles created a dynamic that allowed capital to use the payment of higher wages to expand its markets. Democratic institutions and the welfare state followed, made possible by the exploitation of the colonies. As such, at least the term “parasite state” remains analytically accurate.

After formulating the parasite state theory, KAK had heated discussions with both Maoists and Moscow-loyal communists in Denmark,

Norway, and Sweden. A series of articles published in *Kommunistisk Orientering* under the title “To linjer” (Two Lines) was a polemic directed at the Swedish Communist Alliance of Marxist-Leninists (*Kommunistiska förbundet marxist-leninisterna* , KFML), although even some of its members sympathized with KAK’s position. Especially fierce were the attacks on the DKP and Maoist groups in Denmark. Unsurprisingly, KAK was not particularly well-liked by the Danish left. We had a better reputation among internationalist solidarity projects and collaborated with organizations that provided material support to people and movements in the Third World, for example *Ulandsklunserne* , the Tvind organization *Ulandshjaelp Folk til Folk* , and, in Sweden, the Emmaus movement. [280]

Eventually, our skepticism with regard to the Western working classes’ revolutionary potential also had consequences for our relationship with the CPC. In a letter addressed to China’s embassy in Copenhagen, we criticized the revolutionary rhetoric used in Chinese reports on developments in Europe and North America. A March 1968 article in the *Peking Review* , for example, claimed that “the American and British people have absolutely no common interests with the monopoly capitalist groups which bleed them white.” [281] Similar wording was used to describe the situation in Indonesia: “In serious financial difficulties, the Indonesian fascist military regime ruthlessly exploited the broad masses of the working people and bled them white in order to meet increasing military and administrative expenditures for maintaining its military dictatorial rule.” [282] In our letter, we stated:

> “Dear Comrades, let us put it frankly: We do not agree with the evaluation of the *present* situation in our part of the world which teems to underlie the use of exactly the same wording to describe the situation in Indonesia and Latin America on the one hand and the situation in Great Britain and Capitalist West Europe on the other hand, and we earnestly request you to consider the need to differentiate. Actually there is an abyss of difference between the economic conditions and the material and spiritual life of the broad masses of the working people in our capitalist-imperialist countries, and those of the broad masses of the working people Indonesia and of Asia, Africa and Latin America as a whole. They cannot and they should not be treated or described alike. Our monopoly capitalists are *not* bleeding the working class white. That is what imperialism and local exploiters are

doing in Indonesia, yes, in India, yes—but not in Denmark, not in Sweden, not in France, not in Great Britain." [283]

We added a number of concrete examples illustrating the standard of living of workers in Denmark. But the Chinese could not accept such criticism and broke off all contact with KAK. Even within KAK's membership there was tension. Several members left, accusing the leadership of "anti-worker" positions.

Anti-Imperialist Practice in the Parasite State

In the late 1960s and early 1970s, anti-imperialism was much more important for the European and North American left than it is today. In Denmark, resistance against the war in Vietnam was an integral part of the youth rebellion and a symbolic expression of being against "the system." Demonstrations outside the US embassy in Copenhagen brought together as many as 25,000 people. When the World Bank held its 1970 general meeting in Copenhagen, protesters fought with police in the streets. Left-wing bookshops sold anti-imperialist literature, and groups in solidarity with the struggles in Vietnam, Palestine, the Portuguese colonies in Africa, South Africa, Zimbabwe, and Chile had numerous members, not only in Copenhagen, but also in smaller towns.

KAK was one of the first organizations to be involved in Vietnam solidarity work. It attracted many young activists, and, in 1968, the Communist Youth League (*Kommunistisk Ungdomsforbund* , KUF) was founded as KAK's youth wing.

In the late 1960s, much of our activism focused on demonstrations. Property destruction was an accepted form of protest. In 1969, *The Green Berets* , a film starring John Wayne about US special forces in Vietnam, premiered in Denmark at a big Copenhagen cinema. In the screening hall, chairs were smashed and butyric acid poured on the carpet. We also participated in the militant demonstrations against the World Bank meeting. Our aim was not just to protest, but to actually stop the event. Molotov cocktails were thrown through the windows of the congress center, but sprinklers prevented greater damage.

With respect to international solidarity projects, we focused on African liberation movements and, increasingly, on Palestine. At the time, it was

difficult to garner broad support for the Palestinian cause. There was a lot of respect for the state of Israel among Danes because of the Third Reich and the Holocaust. In the Six-Day War of 1967, Israel was seen as the victim, and General Moshe Dayan was seen as a brave and ingenious hero who defended a small country against an all-out attack by its neighbors. Many young Danes worked as volunteers in Israeli kibbutzim, which gave settlerism in Palestine a leftist aura. Zionism, it seemed, had created a safe haven for persecuted Jews and turned an "empty desert" into corn fields and orange groves. The fact that hundreds of thousands of Palestinians had been forced from their homes was left out of the story. When, in 1969, KUF arranged an exhibit about Palestinian refugee camps in Jordan to draw attention to the issue, this was considered antisemitic. Public opinion only changed after Israel's invasion of Lebanon in 1982 and the subsequent massacres in the Sabra and Shatila refugee camps.

In 1971, KAK's efforts to provide material support for Third World liberation movements increased. Our guiding principle was: "Solidarity is something you can hold in your hands." We founded an organization with a rather inconspicuous name, *Tøj til Afrika* (Clothes for Africa, TTA). Its members were all dedicated anti-imperialists, but the goal was not to push ideology. Rather, we wanted to collect as much clothing and other materials for flea markets as possible. TTA had chapters in Copenhagen and four other Danish towns, and during its heyday it had about one hundred members overall. In the 1970s, TTA supported FRELIMO in Mozambique, the MPLA in Angola, ZANU in Rhodesia, SWAPO in Namibia, and the PFLO in Oman. In the 1980s, it also supported a Black consciousness project in South Africa by the name of Isandlwana Revolutionary Effort as well as the New People's Army in the Philippines. We sent clothes, shoes, and medicine as well as the money we made from the flea markets we held every month. We were able to send hundreds of thousands of crowns every year.

The TTA chapter in Copenhagen stored its donations in an abandoned machine factory. On weekends, we went out to collect whatever was given to us. In the 1970s and early 1980s, people were generous. We had mountains of clothes. On weekdays and during holidays, we sorted and packed them by the ton. They were then transported to Hamburg and shipped to destinations where they could be received by the liberation

movements. We had our own offset print shop, producing books, pamphlets, posters, and leaflets, both for the liberation movements and our own use.

This was the legal practice. There was also an illegal one. Some KAK members committed fraud and robbery to get extra money, especially for the Popular Front for the Liberation of Palestine (PFLP). [284] But getting money was far from the only thing we did. We had regular study circles to sharpen our theory and develop a practice that was effective, based on our own circumstances and possibilities. We went on numerous trips to Third World countries to study economic and social conditions on the ground and establish contact with liberation movements. We also had regular discussions with those few organizations in the imperialist countries that shared our perspective.

Political activism was a priority in the lives of KAK members. Some were “professionals” in the sense that they dedicated all of their time to KAK, living off of unemployment benefits. We felt that what we did was meaningful, and that our practice corresponded to our theory. We saw ourselves as a tiny wheel in a big machine that was going to change the world.

As mentioned above, our analysis didn’t help us make many friends within the European left. Our sympathizers consisted of small groups in Sweden and Norway and of individuals scattered across the continent. But we never felt isolated. We regularly met with representatives of liberation movements and had most of our political discussions with them. Appel’s understanding of politics and the role of the revolutionary party was inspired by Lenin and his sense for rigid organization. He was sharp, dedicated, a good speaker, and uncompromising; all of this appealed to the more radical circles of the ’68 generation. Appel managed to gather a small but highly motivated group of militants around him. KAK was a very effective organization. Appel wanted its members to have the knowledge and the experience necessary to make the right moves when socialism became a possibility in Europe again. His strategy was twofold: First, liberation movements in the Third World had to be supported in order to throw imperialism into a crisis, which would lead to a revolutionary situation in Europe. Second, a disciplined and organized party had to be ready to seize the opportunity. Both aspects were closely linked, which was reflected in KAK’s practice.

This also applied to KAK's illegal practice. Its purpose was to provide Third World liberation movements with material resources. At the same time, it was supposed to familiarize KAK members with illegal work, deemed necessary in a revolutionary situation. We were required to develop secure communications, handle surveillance, set up safe houses, plan actions diligently, and acquire practical skills such as forging documents, picking locks, and stealing cars. We were in it for the long haul and needed to work *undercover* , not *underground* . Had our illegal practice been openly political—with communiqués about expropriations and the like—we would have been chased down in no time. Our actions had to look like ordinary crimes. This made it possible for us to operate for almost twenty years. Fraud and robbery were natural choices. The proceeds served the liberation movements well, as they were in short supply of cash. Whatever they got from us, they got unconditionally.

Other leftist groups in Europe which engaged in illegal practice chose different strategies. The Red Army Faction in Germany attacked US army bases to support the anti-imperialist struggle in the Third World. Their actions were openly politically motivated and intended to shake up imperialism's hinterland, tear what they called the "democratic mask" off the German political system, and serve as an inspiration to the masses. But the Red Army Faction were not "fish swimming in the sea." They did not have mass support. They were forced into a defensive underground struggle which they were destined to lose. Their strategy was based on a wrong analysis of the '68 rebellion's political depth and the possibilities of broad anti-imperialist resistance in Western Europe. This was not a dry prairie where you could spark a fire, but a damp meadow.

Our illegal practice ended on April 13, 1989. Various members of our group were arrested and subsequently charged with a series of crimes. We had been careless on several occasions during the final years of our work. There was not one single mistake that led to us being detected, but, cumulatively, our occasional negligence allowed the police to track us down. After twenty years of working undercover, we had simply become a little tired and incautious. Shortly after our arrest, a comrade was gravely injured in an automobile accident. His car was full of incriminating evidence, including a phone bill with the address of our safe house. This

allowed the authorities to put us on trial and, effectively, meant the end of our group.

Connections to North America

In the late 1960s and early 70s, the situation in the USA was in many ways different from the one in Western Europe. Twelve percent of the US population consisted of descendants of African slaves, there were indigenous nations, and an increasing number of immigrants from Latin America. The US was also engaged in a war in Vietnam with hundreds of thousands of troops on the ground. The fragmentation of the American working class, racism, and the death toll of soldiers in Vietnam opened up possibilities for anti-imperialist resistance.

We learned more about the struggle in the US when people like Eldridge Cleaver, Bobby Seale, and Connie Matthews visited Copenhagen in 1969 and, again, in 1970. [285] We were particularly interested in the relationship between the Black Panthers and the white left. The Black Panthers has no illusions about the Danish working class. When Eldridge Cleaver received an award from the students at Århus University, he had the following to say to one of the country's major newspapers:

> "Scandinavians are Europe's bourgeoisie. They have had it too good and don't want to get involved in anything. Politically, I am opposed to them, even if I might like them in other ways. You say that people are a product of their history. Fine, then I despise their history. I think that Scandinavians are crooked if they sit on their asses and accept what is happening in Vietnam, Korea, South Africa, and the US, when they have the opportunity to help. I am going to accept that prize in Århus, or whatever that place is called, only to piss them off—and then I'm getting the hell out of here." [286]

The Black Panthers had not come to humbly beg for our solidarity, they demanded it. On April 3, 1970, Connie Matthews gave a speech in a Copenhagen cinema to mobilize support for Bobby Seale, who had been arrested as one of the so-called Chicago Eight. This was a group of seven white militants and Seale himself, who were all charged with inciting a riot during the 1968 Democratic National Convention in Chicago. When Seale

had voiced his protest during the trial, he was bound and gagged. Connie Matthews told the Copenhagen audience:

> "At the moment, the Black Panther Party is facing a serious problem: are we going to wage a race war or a class war? The white left in the US has proven its opportunism. They are ready to sacrifice their Black allies for publicity. … Racism is so ingrained in the life of most people in the US that they don't even realize it exists. … Yet, we think there is hope for white America, and we tell our white brothers and sisters to act now, *to seize the time!* In the same vein, we turn to the European left: Where do you stand, brothers and sisters? Bobby Seale was here a year ago … and Bobby told you that we aren't fighting fire with fire. We aren't fighting racism with racism but with solidarity. And we want to fight fascism with international proletarian solidarity. This country is better informed about what is happening in the United States than any other European country. But when the people of Denmark were asked to protest the treatment of Bobby Seale, three people showed up—in a country of five million! We are making one last attempt … and say: Are you going to sit on your asses, as Eldridge Cleaver said? … Are you going to watch mass murder in the US without doing anything? If that's the case, then you prove by your actions that you are just as racist as the decadent society of the United States! The ball is in your court, but there is not much time. For us, power to the people can become a reality. But can it become one for you, too?" [287]

Matthews's speech made a real impact on everyone present. One week later, we distributed it at a big anti-war demonstration outside the US embassy. However, we never established direct contact with the Black Panthers. We liked their radical anti-imperialism, but were skeptical with regard to the possibilities of a revolutionary breakthrough in the US. For us, given the repressive state apparatus backed by a majority of the population, their strategy was doomed to fail. But there was another, much smaller and less well-known anti-imperialist group in North America that we did collaborate closely with: the Liberation Support Movement (LSM).

The Liberation Support Movement

We first met members of the LSM in Dar es Salaam, Tanzania, in 1971. We were all there to strengthen contacts with African liberation movements, most of which had their foreign offices in Dar es Salaam at the time. The LSM had been founded three years earlier by people whose political outlook was very similar to that of KAK. There was a particular set of circumstances in the US at the time. The Tet Offensive made it clear that there would be no easy US military victory in Indochina. The assassination of Martin Luther King caused Black uprisings in more than one hundred cities, with 46 people killed, 2,500 injured, and 70,000 soldiers mobilized to restore order. Student protests were met by violence. The unrest in the US was directly linked to the liberation struggles in the Third World. US trade unions and a majority of the US working class opposed the uprisings and rallied behind their country. Their biggest concerns were steady work and patriotic pride.

The LSM was a small organization with chapters in San Francisco, Seattle, New York, and Vancouver, Canada. Its key theorist was Don Barnett, a social anthropologist who, in the early 1960s, had visited Kenya to study the anticolonial Mau Mau movement. He was, like Appel at the time, a Maoist and very charismatic. [288] In 1967–1968, Barnett spent time in Dar es Salaam where he established contact with the Angolan MPLA. In 1967, he wrote the pamphlet *Toward an International Strategy* , which expressed many of the same views as the articles in KAK's *Kommunistisk Orientering* . [289] For Barnett, the Third World liberation movements were in the vanguard of the anti-imperialist struggle, while the US working class benefited from the superprofits generated by imperialism. In 1972, the LSM formulated three principles as the foundation of its political work:

> "To say this [that labor aristocracies existed in the First World], however, is not to say that there exist at present no potentially progressive strata or elements in the metropolitan centers. By 'progressive' in this context we refer to those sectors of the metropolitan population which, in serving and satisfying some of their non-revolutionary interests and acquired needs, can be and sometimes are moved to act in ways which objectively advance the practice and interests of revolutionary classes in motion within imperialist society. These sectors can and should be mobilized to contribute material and

propagandistic support for genuine liberation movements and revolutionary classes in the countryside.

"Again, we believe that certain actions—legal and illegal, peaceful and violent—can be carried out in the metropolitan centers which weaken (however slightly in the present stage) the power of the corporate ruling class and its military apparatus. Particular local tactics must, of course, be worked out by revolutionary groups in the light of concrete conditions prevailing in each metropolitan area.

"Given the above position, LSM's principles of anti-imperialist work can be summarized as follows:

"(1) To accelerate, through various concrete forms of material support, political education and ideological struggle, that revolutionary process whereby vanguard subjugated classes and peoples in the countryside are fighting their way out of the imperialist system and contributing significantly to the emergence of post-capitalist socialist internationalism;

"(2) To unceasingly strive to achieve an international socialist content and direction to the various struggles emerging within the metropolitan centers as contradictions there sharpen due to revolutionary successes in the countryside and the resulting decline in imperialist super-profits and ruling-class capacity to sustain 'peoples imperialism';

"(3) To work toward the formation of revolutionary internationalist structures and forms of effective collaboration across national lines, and at the same time fight against those tendencies which, if not checked, might well lead to a post-capitalist world of unevenly developed, internally stratified and competitive (if not warring) 'socialist' countries." [290]

For the LSM, there was no doubt that Third World liberation movements were the most important forces fighting the capitalist and imperialist system. In 1968, LSM members had visited Angola to write a book about the liberation struggle led by the MPLA. They returned with a "shopping list" of technical and medical equipment that the MPLA needed. The practice of the LSM would subsequently focus on two things: First, disseminating information about Third World struggles in North America.

Second, shipping clothes, medicines, foodstuffs, radio equipment, printing machines, and other materials to the MPLA, FRELIMO in Mozambique, SWAPO in Namibia, and the PFLO in Oman. This inspired our founding of *Tøj til Afrika* in 1971, one of our members even going to Canada for a half-year "internship" with the LSM.

We continued to meet LSM members in Africa. They returned regularly to collect material for their information campaigns. In the 1970s, they published a series of pamphlets about members of African liberation movements. They taped long interviews with fighters in Angola, Mozambique, and South Africa, providing unique insights into the everyday reality of their struggles. [291] Back in North America, LSM members traveled far and wide to give presentations, especially at university campuses. Their work was a huge inspiration for us.

Don Barnett died in 1975; he was only forty-five years old. LSM dissolved in 1981 due to internal conflicts and the decline of the African liberation movements. However, many of the organization's members remained active supporting liberation movements elsewhere, either by providing technical assistance, or by joining them as combatants. Carroll Ishee, for example, died in August 1981 fighting for the FMLN in El Salvador.

The Weathermen: Militant Propaganda or Militant Support?

We also shared many of the views of the Weather Underground, otherwise known as the Weathermen. They also saw the divide between the center and the periphery as the main contradiction in capitalism, and considered Third World liberation movements, exemplified by the struggle in Vietnam, to be in the vanguard of world revolution.

Their motto was: "Bring the war home!" But who was going to fight at home? In the eyes of the Weather Underground, it would be the oppressed nations within the United States: African-Americans, indigenous people, Puerto Ricans, immigrants from the Third World—the victims of US racism. Sections of white youth were potential allies. The contribution of the Weather Underground was to raise the stakes, and to move from protest to resistance in the form of civil disobedience and armed struggle. The organization's members were confident that anti-imperialist sentiments and

furor at the repressive nature of the US government would create an environment where militant politics could flourish.

While the LSM focused on supporting the liberation struggles in Africa, the Weather Underground focused on actions in the imperialist center itself. [292] In their first communiqué, "You Don't Need a Weatherman to Know Which Way the Wind Blows," released in 1969, they wrote:

> "We are within the heartland of a worldwide monster, a country so rich from its worldwide plunder that even the crumbs doled out to the enslaved masses within its borders provide for material existence very much above the conditions of the masses of people of the world. … The relative affluence existing in the United States is directly dependent upon the labor and natural resources of the Vietnamese, the Angolans, the Bolivians and the rest of the peoples of the Third World. All of the United Airlines Astrojets, all of the Holiday Inns, all of Hertz's automobiles, your television set, car and wardrobe already belong, to a large degree to the people of the rest of the world." [293]

This indicated a break with the traditional US left, whose politics were based on demanding more for US workers. The Weather Underground was accused of "not serving the people but fighting them." At a Students for a Democratic Society (SDS) meeting in August 1969, Bill Ayers responded to this critique:

> "We thought that you don't serve the people by opening a restaurant, or by fighting for a dollar more; you serve the people, that means *all* the people—the Vietnamese, everybody, by making a revolution, by bringing the war home, by opening up a front. But the more I thought about that thing 'fight the people,' it's not that it's a great mass slogan or anything, but there's something to it. There's a lot in white Americans that we do have to fight, and beat out of them, and beat out of ourselves." [294]

The Weather Underground thought of "the people" in global terms. This was a courageous position to take in the imperialist heartland.

The Weather Underground was a small organization but had a fair number of sympathizers. Their communiqués were widely disseminated in the form of reprints and photocopies. The head of the FBI, J. Edgar Hoover, declared before the US Congress in March 1971 that there were "over 1,544

individuals who adhere to the extremist strategy." At the same time, there were many in the American left who, just like the government, called members of the Weather Underground "terrorists" and "traitors."

The Weathermen had to choose between two kinds of actions with different objectives. The first was to target imperialist institutions and interfere with their operations. Examples were attacks on the war industry and military infrastructure. The second was "armed propaganda," that is, to demonstrate the possibility of militant resistance and expose the system's weaknesses.

In the end, most of the Weather Underground's actions fell into the latter category. Their targets were mainly symbolic, for example when a small bomb went off in the toilets of the US Capitol in Washington DC, the "heart of the beast," in March 1971. In May 1972, they targeted the Pentagon, and in June 1974 Gulf Oil. Every time, the Weather Underground made sure that no one was hurt. Causing maximum damage was not the goal; the actions were meant to send a message and inspire others. It is a mistake to compare the Weather Underground to organizations like the Red Army Faction or the Red Brigades in Italy.

LSM member Carrol Ishee wrote a comradely critique of the Weather Underground in the journal *LSM News* in 1975. [295] He questioned the power of symbolic actions. The LSM did not reject armed struggle in the imperialist countries, but they felt it would be most effective if directly linked to struggles in the Third World. Ishee provided an example from Portugal, where, in April 1973, the Portuguese Revolutionary Brigades (*Brigadas Revolucionárias*) broke into the Portuguese army headquarters in Lisbon and made off with numerous documents of great use to the liberation movements in the Portuguese colonies.

We never had any direct contact with the Weather Underground. Our approach was different. Our actions were neither direct attacks against imperialism nor symbolic actions. They were not meant to mobilize the working class. Their purpose was to provide material support. Despite these differences, I found some striking similarities between the Weather Underground and our group when I recently read David Gilbert's autobiography *Love and Struggle: My Life in SDS, the Weather Underground, and Beyond* . The significance of the Vietnam War, the urge to fight the imperialist system, the desire to move from protest to resistance —all of this was part of our history, too. There are also obvious similarities

in operating *undercover* and operating *underground* : both require precautions against surveillance, fake identities, safe houses, etc.

Manifest-Communist Working Group

In our own political history, 1978 was a turbulent year. KAK split into three different groups due to interpersonal power struggles that escalated in the context of a campaign against gender discrimination. One year later, only one of these groups, M-KA, remained. [296] Myself and others who had been involved in the illegal practice belonged to this group, Gotfred Appel did not. He had gone back to a strong pro-Chinese position. In M-KA, we pursued a staunch anti-imperialist course. The position of the Communist Party of China on anti-imperialist struggles was far from progressive in the 1970s. The Party was preoccupied by its rivalry with the Soviet Union. Whenever the Soviet government supported a liberation movement, the Chinese did not. This resulted in China supporting some of the same Third World forces that the CIA supported, for example UNITA in Angola.

In M-KA, we saw ourselves as KAK's true heir. We had the same political convictions and engaged in the same practice. The main difference was a change in our internal organization: with Appel gone, individual members had more influence and decisions were made by consensus. There were theoretical innovations, too. In KAK, all discussions had started and ended with Lenin. In 1975, some of us wanted to update the analysis of *Imperialism, the Highest Stage of Capitalism* . We looked at direct investments and profit rates, and it seemed obvious to us that direct investments in the Third World were much lower than direct investments among imperialist countries. Profits from direct investments in the Third World were a little higher (much higher with respect to oil and certain minerals) than from direct investments in imperialist countries, but not enough to explain the global differences in living conditions. Appel had had great reservations about adding new theorists to KAK's (very limited) canon. It was only in M-KA that we were able to update Lenin with the help of the new imperialism theories of the 1960s and 70s.

chapter 4.

The Golden Age of Imperialism Theory

Innovations

BEFORE THE 1960S, THE MARXIST UNDERSTANDING of imperialism—not only Appel's—was almost exclusively based on Lenin. Then, things began to change. New perspectives emerged, both from Third World revolutionaries and from academics. The latter were mostly connected to the New Left and criticized both the capitalist world system and actually existing socialism.

An important figure was Paul Baran, who had grown up in Poland and the Soviet Union. In 1939, when the Nazis started their conquest of Eastern Europe, he emigrated to the USA and became an economics professor at Stanford University. Baran defined monopoly capitalism as a transnational rather than a national phenomenon. This reflected the development of capitalism in the USA after World War II. A special feature of transnational monopoly capitalism was the underdevelopment of the Third World. In 1957, Baran's book *The Political Economy of Growth* was published. In 1966, *Monopoly Capital* was released, written by Baran together with Paul Sweezy.

Baran did not write about unequal exchange or the labor aristocracy. His main interests were monopoly capital, investment, and profit. He felt it was inaccurate to say that the working classes of the First World received a share of imperialism's plunder. But his writings inspired significant modifications not only of Lenin's analysis but also of Rudolf Hilferding's work on finance capital. His focus on underdevelopment posed a serious challenge to mainstream economists, who insisted that Third World countries would develop if they only followed the example of the Western world.

Baran's work was of great importance to those theorists of imperialism who rose to prominence in the 1960s: Andre Gunder Frank, Samir Amin, Immanuel Wallerstein, and Arghiri Emmanuel. After a meeting with Baran in 1964, Frank wrote that Baran's systematic investigation of capitalist development and underdevelopment—defining them as two sides of the same coin—had opened the door to a new understanding of world history, the present, and the future. [297] Che Guevara was also an admirer of Baran.

In 1960, he welcomed him to Cuba to discuss underdevelopment and related economic questions. [298]

But more than anyone, it was the circle around the journal *Monthly Review* , including theorists such as Sweezy and Harry Magdoff, who continued Baran's work and applied it to US imperialism. These theoretical discussions were closely linked to the New Left and the anti-war movement; I remember seeing Sweezy and Magdoff give a presentation about US imperialism at a packed student union building in Copenhagen in 1972.

Together with a number of academics in Latin America, the *Monthly Review* theorists were at the center of what became known as dependency theory. Dependency theory described imperialism as a system with a center, the "metropolis," consisting of North America, Western Europe, and Japan, and an exploited periphery, the Third World. [299] Third World countries supplied the metropolis with raw materials and tropical agricultural goods produced by cheap labor. The metropolis had all of the political and economic power and control. The development of the periphery was deemed impossible within the capitalist system. Development in Third World countries would only become possible if there was a revolution that cut off the supply chain connecting them to the metropolis. I now want to look more closely at the three theorists who had the most influence on us: Arghiri Emmanuel, Immanuel Wallerstein, and Samir Amin.

- *Arghiri Emmanuel*

Arghiri Emmanuel was the single most influential figure for M-KA. He was born in Patras, Greece, in 1911. In 1942, he joined the Greek Armed Forces in the Middle East as a volunteer. In April 1944, he participated in a left-wing uprising against the Greek government-in-exile in Cairo. British troops crushed the rebellion and Emmanuel was sentenced to death by a Greek military tribunal. When the war ended, he was pardoned and went to live in the Belgian Congo where his family owned a small business. After being involved with the independence movement led by Patrice Lumumba, he moved to Paris in 1957 to study art history. Inspired by Frantz Fanon's *The Wretched of the Earth* , he began in 1961, at fifty years of age, to study political economy with Charles Bettelheim. One year later, he introduced the notion of unequal exchange in the article "Échange inégal et politique

de développement" (Unequal Exchange and Development Politics). In it, he asked the question: "Must we … enlarge Lenin's notion of the labour aristocracy, by saying that the working classes of today's advanced countries constitute the labour aristocracy of the Earth?" [300] In 1969, Emmanuel's main work, *Unequal Exchange* , was published; it was translated into a number of languages and caused much debate.

In 1974, we established personal contact with Emmanuel. It was clear to us that his analysis was very close to our own. After we visited him in Paris, he sent the following letter to us:

> "I have found your efforts to clarify your position very remarkable. What I admire in particular is your courage, morally and intellectually. I know from my own experience how difficult it is to resist conformism. There are very few passages in your text that I would not sign. … What impressed me most … was the remarkable way in which you clarify that the Marxist notion of the labor aristocracy does not inevitably mean a minority. If Lenin generally (even if not always) wrote about the labor aristocracy as a minority, it simply reflected a historical reality. But there is nothing in the theories of Marx, Engels, Lenin, or any other classical Marxist that limits the 'aristocratization' of the proletariat to a certain percentage or minimum of a specific nation. I have written about this previously myself, but I now see that you stated this *before* I did." [301]

In 1978, after the end of KAK, we visited Emmanuel in Paris again and established closer contact. There were several reasons why we were inspired by his work. Perhaps most importantly, his understanding of foreign trade and unequal exchange was a direct extension of Marx's theory of value. Marx had plans to investigate foreign trade more closely in a fourth volume of *Capital* , but never got to write it. [302] Emmanuel picked up this loose end.

According to Emmanuel, the historical basis for unequal exchange was laid by colonialism between 1500 and 1800. Once imperialism engulfed the planet, unequal exchange was brought to new heights.

The unequal relationship between center and periphery had been cemented by the 1880s. While only subsistence wages were being paid in the latter, wages were significantly higher in the former. Since then, the gap has only widened. This is the result of two simultaneous processes: the

struggle of the working classes in the center for better pay and living conditions, and the oppression and exploitation of the people in the periphery. [303] According to the theory of unequal exchange, wages are key to assessing a country's position in the imperialist order. Emmanuel addressed a reality that has been denied in liberal (and neoliberal) theory, namely, that internationally capital is much more mobile than labor. Only restrictions on the free movement of labor can generate the enormous global differences in wages that we see today. With regard to their actual value, goods produced in the Global North are sold for a relatively high price, and goods produced in the Global South for a relatively low one. By value, we understand the amount of socially necessary labor-time used in production. The notion of unequal exchange in trade between the Global North and South is based on a Marxist understanding of value insofar as this trade implies value hidden in the low prices of goods produced by cheap labor. [304]

Emmanuel's theory of unequal exchange has been criticized by orthodox Marxists because it allegedly focuses too much on the circulation of goods and disregards production. But even if we might concede that the term "unequal exchange" is not ideal, the theory concerns more than just trade: it points to the heart of the conflict between capital and labor, which is reflected in the global differences in wages and differing degrees of exploitation. Emmanuel knew very well that value was created in production; but it is in exchange that value is realized.

Exploitation occurs in both production and circulation. No interpretation of Marx's theory of value can disregard the role of the market in the transfer of value. It is through the market that value is acquired and distributed, both between capitals and between capital and labor. Emmanuel adapted the theory of value to international trade, something that most of his critics have not even tried to do.

Another reason why Emmanuel appealed to us was his clarity on the political consequences of unequal exchange, namely the creation of a labor aristocracy:

> "When however the relative importance of the national exploitation from which a working class suffers through belonging to the proletariat diminishes continually as compared with that from which it benefits through belonging to a privileged nation, a moment comes when the aim of increasing the national income in absolute terms prevails over

> that of the relative share of one part of the nation over the other. From that point onward, the principle of national solidarity ceases to be challenged in principle, however violent and radical the struggle over the sharing of the cake may be. Thereafter a de facto united front of the workers and capitalists of the well-to-do countries, directed against the poor nations, coexists with an internal trade-union struggle over the sharing of the loot. Under these conditions this trade-union struggle necessarily becomes more and more a sort of settlement of accounts between partners, and it is no accident that in the richest countries, such as the United States—with similar tendencies already apparent in other big capitalist countries—militant trade-union struggle is degenerating first into trade unionism of the classic British type, then into corporatism, and finally into racketeering." [305]

For us in M-KA, the notion of unequal exchange provided the most accurate explanation of the parasite state, and was much more current than Lenin's *Imperialism, the Highest Stage of Capitalism* .

We stated as much in our 1983 book *Imperialismen i dag* , in which we explained unequal exchange and its political consequences. [306] We discussed the contents of the book with Emmanuel before publication and he was kind enough to write a preface. We wanted to make the notion of unequal exchange as concrete as possible by providing actual numbers for the value transferred from the Third World to the imperialist countries. We calculated that, in 1977, as a result of unequal exchange about US$350 billion were transferred from the Third World to the countries of the Organisation for Economic Co-operation and Development (OECD). We would not have been able to do this if our theory had remained exclusively based on Lenin. [307]

In 1974, Emmanuel's book *Profit and Crises* was published. It investigated the causes of capitalism's recurring crises. Emmanuel's thesis was that production in itself did not generate enough purchasing power to ensure prices and profit margins high enough for a growth in production and ongoing accumulation. Essentially, the book was a critique of the French economist J.B. Say, a contemporary of Ricardo. Say had argued that production created its own market. Emmanuel, on the other hand, insisted that an imbalance between supply and purchasing power was characteristic of capitalism. Capitalism did not have a problem producing goods, it had a

problem selling them. Unequal exchange offered the solution to this problem. It created disproportionate purchasing power in the rich countries by exploiting the poor—which also meant creating a powerful economy in the rich countries and permanent crisis in the poor.

According to Emmanuel, wage increases in the Global North, beginning in the late nineteenth century, not only created a polarized world but also had a serious impact on the workers' movement in the North: "After 1870, the trade-union struggle and the rise in salaries helped advanced capitalism out of this dilemma, at any rate to a certain extent." [308] Unequal exchange concealed this contradiction by compensating for the wage increases in the North by paying low wages in the South. In order to understand global capitalism, consumption deserves as much attention as production. [309]

Emmanuel retreated from academic life in the late 1980s. His last work was on the debt crisis afflicting the Third World. [310] After our imprisonment in April 1989, he was interviewed by a number of newspapers about his relationship to us. He had not been aware of our illegal practice; in our collaboration, we had focused exclusively on theoretical questions. He was not happy about how the media interpreted his comments. This became clear in letters that I only received years after they had been sent, as they had been held back by the authorities. In one letter, dated June 7, 1989, he wrote: "I am intimately convinced not only about the purity of your motivations but also about your ability to make the means fit the ends, under all circumstances. What I strove to convey to the journalist during this long interview, and which my clumsy phrasing preventing from being expressed in the short piece that was published, was the following: if one's own contribution to the struggle of the Third World is confined to writing books and articles, as, currently, in my case, then one is not entitled to judge those who risk their lives." In another letter, dated May 31, 1991, Emmanuel explained: "More and more do I understand why you considered illegal actions necessary to pursue the noble goal that had inspired your legal ones." After my release, we continued our correspondence and in 1996 I visited Emmanuel one last time in Paris. He died at the age of ninety, in 2001. [311]

In the 1970s and 80s, the notion of unequal exchange was not popular among Marxists in the West. Critiquing Emmanuel became something of a sport. His reception among Third World militants involved in liberation

struggles was very different. In Cuba, there was great interest in Emmanuel's work. Addressing the General Assembly of the United Nations in 1964, Che Guevara said: "Furthermore, we state once more that the scars left by colonialism that impede the development of the peoples are expressed not only in political relations. The so-called deterioration of the terms of trade is nothing but the result of the unequal exchange between countries producing raw materials and industrial countries, which dominate markets and impose the illusory justice of equal exchange of values." [312]

In a speech to the Second Economic Seminar of Afro-Asian Solidarity in Algiers in 1965, Che spoke about the obligations of fair trade between socialist and Third World countries:

> "We said that each time a country is liberated it is a defeat for the world imperialist system. But we must agree that the break is not achieved by the mere act of proclaiming independence or winning an armed victory in a revolution. It is achieved when imperialist economic domination over a people is brought to an end. … We believe the responsibility of aiding dependent countries must be approached in such a spirit. There should be no more talk about developing mutually beneficial trade based on prices forced on the backward countries by the law of value and the international relations of unequal exchange that result from the law of value. How can it be 'mutually beneficial' to sell at world market prices the raw materials that cost the underdeveloped countries immeasurable sweat and suffering, and to buy at world market prices the machinery produced in today's big automated factories? If we establish that kind of relation between the two groups of nations, we must agree that the socialist countries are, in a certain way, accomplices of imperialist exploitation. It can be argued that the amount of exchange with the underdeveloped countries is an insignificant part of the foreign trade of the socialist countries. That is very true, but it does not eliminate the immoral character of that exchange." [313]

Fidel Castro also referred to unequal exchange in his speeches. Here is a longer excerpt from a 1979 address to the United Nations' General Assembly, delivered on behalf of the Non-Aligned Movement:

> “We have expressed our grave concern over the insignificant progress of the negotiations dealing with the implementation of the declaration and the action program on the establishment of an international economic order. We pointed out that this was due to the lack of political desire by most of the developed countries and we expressedly censured the delaying diversionist and divisionist tactics adopted by those countries. The failure of the fifth UNCTAD session demonstrated this situation. We confirmed that the unequal trade in international economic relations, denounced as an essential characteristic of the system, has become even more unequal. While the prices of manufactured goods, capital goods, food products and services which we import from the developed countries constantly increase, the prices of the raw materials which we export are stagnant and are subjected to constant fluctuations. Trade relations have worsened. … The first fundamental objective in our struggle consists of reducing until we eliminate the unequal exchange that … converts international trade into a very useful vehicle for the plundering of our wealth. Today, one hour of labour in the developed countries is exchanged for ten hours of labour in the underdeveloped countries. … Unequal exchange is ruining our peoples. It must end! … The economic chasm between the developed countries and the countries seeking development is not narrowing but widening. It must be closed!” [314]

- *Immanuel Wallerstein*

Emmanuel’s work helped us to strengthen the economic dimensions of the parasite state theory. But we were also looking for useful historical and political research. From 1977 to 1980, we spent much time studying capitalism’s origins and the division of the world between center and periphery. We were very impressed by Immanuel Wallerstein’s book *The Modern World-System* , and the fact that he was paying so much attention to African liberation movements. His work became very influential for us, and we published articles about it in *Manifest* .

Wallerstein studied the capitalist world system in a way that recognized both its unity (the global dimension) and its division (between center and periphery). According to Wallerstein, capitalism has been a world system since its inception in the fifteenth century. There has always

been a center, a periphery, and a semi-periphery. The semi-periphery consists of nations in transition, moving either toward the center or toward the periphery. The semi-periphery is always in flux. Today, for example, South Korea is on its way to the center, while Romania is heading toward the periphery.

Politically, the division within the capitalist world system is expressed in a hierarchy between countries. In world-systems theory, the most important political structure is not that of the individual capitalist state but that of international relations. Class is embedded in these relations. For example, the global status of the working class in the imperialist countries is very different from the global status of the working class in the oppressed countries. Class politics, however, are most tangible within a country. Even if parties and movements claiming to speak for the working class often have an internationalist rhetoric, their on-the-ground activities rarely go beyond the nation state they are based in. This national element in working-class struggles corresponds to the global division of the class. The division between center and periphery coupled with nationalist sentiments diminish working-class solidarity.

Wallerstein adopted Emmanuel's notion of unequal exchange. But while Emmanuel focused on the economy, Wallerstein focused on the state:

> "The concentration of capital in core zones created both the fiscal base and the political motivation to create relatively strong state-machineries, among whose many capacities was that of ensuring that the state machineries of peripheral zones became or remained relatively weaker. They could thereby pressure these state-structures to accept, even promote greater specialization in their jurisdiction in tasks lower down the hierarchy of commodity chains, utilizing lower-paid work-forces and creating (reinforcing) the relevant household structures to permit such work-forces to survive. Thus did historical capitalism actually create the so-called historical levels of wages which have become so dramatically divergent in different zones of the world-system." [315]

With regard to the consequences of unequal exchange for the working classes of the imperialist countries, Wallerstein disagreed with Emmanuel. According to Wallerstein, it is first and foremost capital that benefits. But some critics feel that while world-systems theory excels in historical,

sociological, and political analysis, it lacks a deeper understanding of economics. Donald A. Clelland, a world-systems theorist himself, has summarized the problem:

> "World-system writers rarely take a stand on the labor theory of value, although the concept of surplus-value, implying acceptance of the labor theory of value, is often casually invoked. … It is my position that world-system analysts should take a distinct position on the labor theory of value, since not to do so is an insult to their own Marxian heritage and since not doing so contributes to the under-theorization of how the world-system works—its mechanisms and processes." [316]

With regard to the political consequences of the transfer of value from the periphery to the center, Clelland has written the following:

> "[T]he beneficiaries of surplus drain include ordinary people, the working class of the core. The distaste for such a suggestion for core radicals and mainstream social scientists probably explains the rather shallow pursuit of the questions of unequal exchange and surplus drain after the passage of a generation of world-system scholarship. If we rediscover the centrality of surplus drain, world-system analysis can become a standpoint historical social science that provides a critique of modern capitalism from the vantage point of the periphery." [317]

However, world-systems theory is of value for economic scholarship as well. It helps us understand how class struggle has shaped the nation state and relations between nation states, how politics interact with the economy, and how capitalism's imperative, namely the accumulation of capital, functions. World-systems theory explains how the state system turns the law of value, as analyzed by Marx, into the *global* law of value. It shows how abstract notions such as these are expressed in very concrete forms, for example in the prevention of the free movement of labor.

Wallerstein is convinced that capitalism not only had a beginning, but that it will also have an end. Here, he follows Marx and dialectical materialism. The contradictions within capitalism are the reason for its growth and expansion, but eventually they will destroy it. According to Wallerstein, capitalism has reached a structural crisis that will lead to its death within this century.

- *Samir Amin*

Samir Amin's work was also of great significance for us. Amin was born in Egypt in 1931, studied in Paris, and has lived most of his life in Dakar, Senegal. At eighty-six years of age, he continues to write, debate, and organize in social movements. He has authored more than fifty books from an uncompromising Third World perspective, providing an important counterweight to the Eurocentrism of most political economy. Amin pays particular attention to the peasantry of the Third World. It is hardly surprising that he has Maoist sympathies.

Amin roughly identifies the following classes in global capitalism:

1. The bourgeoisie of the center, which dominates the system;
2. The proletariat of the center, whose wages have risen significantly in the past 150 years;
3. The bourgeoisie of the periphery, whose role is defined by the international division of labor;
4. The proletariat of the periphery, which is superexploited and therefore particularly motivated to change the world order;
5. The peasantry of the periphery, which is exploited by both feudal and capitalist structures and is an ally of the proletariat.

For Amin, the main contradiction in the capitalist world system is that between capital in the core countries and the proletarians and peasants of the periphery. With regard to the working classes of the center, Amin has always held views close to our own. In some of his writings this has been particularly obvious. On the back cover of the 2010 edition of *The Law of Worldwide Value* (originally published in 1978), we find a reference to "imperialist rent," which is "derived from the scaling of radically different wages paid for the same labor in countries of the North and the South, whose effect has been to provide Northern capital with sufficient profit to permit it to pacify for a long period its conflict with the Northern proletariat." [318] In the book itself, Amin contends that "the proletariat of the central countries … enjoys increases in real wages more or less parallel to increases in the productivity of labor, and, on the whole, accepts the hegemony of social democracy (these two phenomena are interlinked,

resulting from the historically completed structure of capitalism with self-centered accumulation, and are bound up with imperialism).” [319]

Amin has paid particular attention to capitalist monopolies. He has identified five monopolies of central importance for unequal exchange:

1. The monopoly of technology;
2. The monopoly of global finance;
3. The monopoly of access to natural resources;
4. The monopoly of international communications and mass media;
5. The monopoly of weapons of mass destruction.

These monopolies and the superprofits they generate are what have made it possible for the working classes of the imperialist countries to receive relatively high wages.

A central feature of Amin’s work is the notion of *delinking* . Amin believes that the only way for Third World countries to reach real political and economic independence is to detach themselves from the capitalist world market. Unequal exchange can only end when the countries in the periphery no longer serve the needs of the core countries. This would break the logic of capitalism and make socialism possible. In the core countries, a crisis would ensue challenging the historical compromise between capital and labor. According to Amin, the future of class struggle in the core countries depends on political developments in the periphery. [320]

The Problems of National Liberation Struggles

Our anti-imperialist strategy was based on supporting national liberation struggles in the Third World. We believed that they would establish socialism in the periphery, end imperialism, and cause a crisis in the imperialist countries that would rekindle revolutionary unrest in the First World.

If I ask myself today, forty years later, how much of this has proven true, the answer is clear: not much. [321] It seems obvious that we were too naive and optimistic. But this is a simplistic interpretation of the times. First, revolution *was* on the agenda in the 1970s. Millions of people in the Third World were willing to fight and die for it. The US was defeated in Vietnam. There were reasons to be optimistic. Therefore, I object to our

being painted as “revolutionary romantics.” The real romantics were those who thought that the working masses of the imperialist countries would rise in rebellion. Yet, it is true that decolonization and the success of several national liberation movements brought about neither socialism nor an end to imperialism.

The oil crisis of 1973 did not lead to capitalism’s downfall either. Instead, it prompted a new stage of capitalism: neoliberalism. If there is one thing we can learn from the history of capitalism, it is how incredibly adaptable the system is. Marxists have often predicted capitalism’s end, but it has always risen again, reinvigorated, like a phoenix from the ashes.

Why did the national liberation struggles in the Third World not bring socialism? How did capital come out of its crisis of the 1970s? These are the questions I want to address in this section.

The 1980s were a golden decade for neoliberal capitalism. Finance capitalism became “casino capitalism” and made huge profits, while the Third World drowned in debt. At the end of the decade, capitalism was reintroduced in the Soviet Union and Eastern Europe, something most would have found unthinkable in the 1970s. China opened up to the world market. National liberation struggles with a socialist perspective all but disappeared. The ones now in government had not introduced socialism; once they were in power, this proved much more difficult than anticipated. National independence, they learned, was much easier to accomplish than the creation of a socialist society.

The global political situation was not encouraging at all. Most countries in Northern Africa and the Middle East were ruled by either religious forces or despotic elites, some of which had been brought to power by popular mass movements. Western and Central Africa were plagued by civil wars between different communities or factions of the elite vying for power. Even in countries where anti-imperialist rhetoric was strong, for example in Zimbabwe, socialism remained a distant dream. In South Africa, the ANC rose to power in 1994 but embarked on a neoliberal course; economic inequality between Blacks and whites in the country is greater today than it was in the apartheid era. In Palestine, a source of so much of our revolutionary optimism, liberation movements with a socialist vision have been replaced by a new liberal elite on the one hand and Hamas on the other. In Iran, the uprising that toppled the Shah led to clerics seizing power and to the persecution of the progressive forces that had made the

revolution possible. In Latin America, the socialist government of Chile was ousted in a coup, and the revolutionary movements in Guatemala, Nicaragua, and El Salvador lost traction toward the end of the 1980s. In short, there was a poor track record of national liberation struggles introducing socialism.

We were in close contact with the liberation movements we supported. Their socialist convictions were definitely genuine. In analyzing the legacy of the liberation struggles, it is too easy to simply focus on how power corrupts. There were other reasons for socialism not becoming a reality. Needless to say, each struggle had its unique features, but I will focus on three that affected them all: the structure of the global economy; the question of power in a nation state; and the lack of socialist examples.

- *The Global Economy*

National self-determination was not enough to bring about socialism. Not only were circumstances unfavorable, but the national liberation movements lacked expertise in governance and their economic programs were often poorly developed. When the countries of the Third World became independent, very few people had any experience in administration. They often formed a new political elite. In most cases, the transition from liberation movement to government party proved difficult. Neither the Soviet Union nor China were of much help, since both were preoccupied with internal problems during the era of decolonization.

Most importantly, however, the neoliberal doctrine with regard to Third World development was all about free trade and integration into the capitalist world system. The newly independent countries did not have the power to change these dynamics. Nor could they simply increase wages and world market prices for coffee, copper, and so on. They stood in competition with one another, forced into a race to the bottom. Detaching themselves from the world market—*delinking* —risked throwing their national economies into ruin. They had not been able to lay the economic foundations for the countries they were now governing. They had inherited the economic structures established by their former colonial oppressors—these were not designed to serve their interests but those of the colonizers. They were stuck with monocultures and industries limited to processing a few raw materials. Any major transformation of the economy demanded

capital. But where was capital to come from if not from selling the only products they had on the only market that was available, that is, the capitalist world market controlled by the old colonial powers and their economic allies? No matter their aspirations, the economies of the newly independent countries were determined by capitalist realities.

This was the background to the foundation of the Group of 77 in 1964. Seventy-seven Third World countries demanded new global economic institutions. UN resolution 3201, passed in 1974, sketched a New International Economic Order and marked a high point in Third World unity. In 1979, Tanzania's president Julius Nyerere described the situation faced by the Group of 77:

> "Nations which have just freed themselves from colonialism and old countries in Latin America have all inherited the same opinion from the prevailing Euro-American culture: 'Work hard and you will become rich.' But gradually, we have all learned that hard work and wealth were not cause and effect. External forces always seemed to break the alleged connection! The so-called neutrality of the world market turned out to be the neutral relationship between the exploiter and the exploited, between a bird and its prey. … Even though we have not tried to do anything but to sell our traditional exports and buy our traditional imports, we can buy continuously less for continuously more of our hard work." [322]

In the same speech, Nyerere stressed the importance of a New International Economic Order:

> "The complaint of poor nations against the present system is not only that we are poor, both in absolute terms and in comparison with the rich nations; it is that within the existing structure of economic interaction, we must remain poor and get relatively poorer. The poor nations of the world remain poor because they are poor and because they operate as if they were equals in a world dominated by the rich. The demand for a new international economic order is a way of saying that the poor nations must be enabled to develop themselves according to their own interests and to benefit from the efforts which they make." [323]

The poor countries were still drained of value through unequal exchange. The national liberation of individual countries did not change the dynamics of the global market. The only time that poor countries raised the price for a particular export good in a concerted effort was when the Organization of the Petroleum Exporting Countries (OPEC) raised the price of oil in the early 1970s. This was possible because OPEC was akin to a cartel. Since then, the organization has shown both the strengths and weaknesses of such a structure: On the one hand, it has been able to affect world market prices, although it is far from having a monopoly on oil production. On the other hand, it has never been a truly progressive organization and includes many countries ruled by reactionaries. These have undermined all attempts by progressive regimes to turn OPEC into a force of opposition against the capitalist world order. The governments of Saudi Arabia, Kuwait, and other Gulf States invest in the imperialist countries and their upper classes are closely tied to them. They have no interest in upsetting the imperialist order.

By the end of the 1970s, the Group of 77 had lost much of its influence on political debate. The demands formulated in UN resolution 3201 were never met. The same is true for the suggestions made in reports on the North–South divide commissioned by Germany's social democratic Prime Minister Willy Brandt in the early 1980s. The Third World had disappeared as a political force. Demands were replaced by petitions, mainly concerning debt relief. But there was no debt relief, only new loans, requiring acquiescence to neoliberal principles, including free trade, structural adjustment, and privatization.

Imperialism theorists have given much thought to the question of socialism in the newly independent nations. They agree on the obstacles: the world market, unequal exchange, the ongoing divide between center and periphery, etc. They do not necessarily agree on the medicine. Amin has suggested the strategy of delinking, while others have demanded a New International Economic Order and increased South–South collaboration. I will return to these debates below.

- *Power in the Nation State*

The history of the socialist movement is, in many respects, a history of national movements operating within the boundaries of modern nation states. The idea of revolution has mainly revolved around seizing state

power and the control of governmental institutions. The term "internationalism" indicates that, on the global level too, nation states have been regarded as the main political actors. On the one hand, this focus made national revolutions possible. On the other hand, it stood in the way of socialism because socialism is difficult to establish in isolation and under outside pressure. Most of the newly independent countries of the Global South found themselves in such circumstances.

Let me try to make this more concrete. The Paris Commune of 1871 was the first modern communist uprising. The Communards proved that an international conflict could be used to bring a national class struggle to a head. The Communards rose up while Paris was under siege by the Prussian Army. Social tensions grew due to the hunger, unemployment, and overall misery caused by the Franco–German War. The situation made a revolutionary uprising possible and the Communards seized the opportunity. The uprising was crushed when the Germans retreated, and French troops could turn their attention to the communist rebels instead. Why did the Germans ease their military pressure on France at just that moment? The answer is simple: they did not want Paris to set a revolutionary example that could spread far and wide, not least to German territories.

Forty years later, World War I played a decisive role in the success of the Russian Revolution. The Bolsheviks used the conflict between Russia and Germany to incite a civil war between the Red revolutionaries and the White reactionaries. Similarly, the Chinese Revolution cannot be separated from the Japanese occupation of China during World War II. Working-class victories in national class struggles always have international significance. But this also poses a problem: the bourgeoisies of all capitalist nations will try to reverse them. The Russian Revolution faced the intervention of several foreign forces; both the UK and the US supported the Whites. The history of the Soviet Union was characterized by outside threats, whether from Nazi Germany or from Ronald Reagan's crusade against the "Evil Empire." The situation was the same in China, Vietnam, Cuba, North Korea, Angola, Nicaragua, El Salvador, and all other countries where socialist revolutions succeeded. Many counterrevolutionary movements were sponsored by the US: UNITA in Angola, the Contras in Nicaragua, the Mozambican National Resistance, and others. The Cold War arms race

created a claustrophobic, paranoid, and defensive socialism that did not allow for democratic socialist development.

The same circumstances that facilitate communist rebellion—that is, wars raging between nations—also facilitate counterrevolutionary attacks supported by foreign powers. This, in turn, leads to internal oppression and militarization. All revolutions that occurred during the Cold War, from 1945 to 1989, had to contend with this. On the one hand, the constant tension between the US and the Soviet Union created openings for Third World revolutions; on the other hand, it severely limited the political options these revolutions had. It was difficult to escape the political playing field defined by the superpowers, even for movements that tried to place themselves outside of it, such as the anticolonial movements of Asia and Africa, the democratic movements of Latin America, or the Black Power movement in the US. In the end, they were all pawns in a game played by the world's most powerful states—a game dangerous enough to bring the world to the brink of nuclear war.

When we first established contact with the PFLP in 1969, it was an independent Marxist organization with sympathies for both Maoism and Che Guevara's foco theory. As time went on, it deepened its ties with the Soviet Union. One reason was that the guerrilla strategy that had proven successful in Asia and Latin America was difficult to apply in the Middle East. The terrain was very different, as the experiences of the civil wars in Jordan and Lebanon seemed to confirm. We knew that close ties to the Soviet Union were problematic for a number of reasons, but we also understood that the PFLP's options were limited. The conflict between the superpowers cast its shadow over the Middle East, too.

From China, the only support the PFLP ever received was a bag full of copies of Mao's Little Red Book. From the Soviet Union, they received concrete political and material support. [324] The importance of the window of opportunity created by the Cold War became clear after the Soviet Union's collapse. Not only was the political and material support gone, but also the only alternative to the capitalist system that existed, namely "actually existing socialism." As a consequence, Palestinians turned to other ideologies to express their grievances.

Global capitalism limits the autonomy of the individual nation state. Anticolonial movements were faced with this once they gained (partial or total) state power. This made it often difficult, or impossible, to realize their

original goals. Today, it is easy to say that this was inevitable and that the anticolonial movements should have known better. But they had little choice. Seizing state power was necessary in order to at least change the balance of international relations. The various attempts to strengthen the political position of the former colonies and newly independent nations show that, at the time, it seemed possible to collectively make a difference.

- *Lack of Socialist Examples*

The tensions between the individual nation state and the world system did not just affect the relationship between the newly independent nations and the imperialist countries, but also affected the state socialist camp. In the early years of the socialist movement, it was commonly understood that socialism could only be established globally. The orientation of the early Soviet Union was staunchly internationalist. The Comintern supported revolutionary activities around the world. Lenin was convinced that the survival of the Russian Revolution depended on revolutions succeeding in Western Europe, especially Germany. In April 1918, he declared: “Our backwardness has put us in the forefront, and we shall perish unless we are capable of holding out until we receive powerful support from workers who have risen in revolt in other countries.” [325] In his “Open Letter to the American Workers” from August 1918, he wrote: “We are now, as it were, in a besieged fortress, waiting for the other detachments of the world socialist revolution to come to our relief.” [326]

When revolutions in Western Europe failed to materialize, Lenin was deeply concerned. In March 1923, shortly before his death, he stated: “We are confronted with the question—shall we be able to hold on with our small and very small peasant production, and in our present state of ruin, until the West-European capitalist countries consummate their development towards socialism?” [327]

As we know, revolutions in Western Europe did not materialize after Lenin’s death either. In the 1930s, the Soviet Union, now led by Joseph Stalin, adopted the maxim of “socialism in one country.” Defense of the Soviet Union became the priority of the entire international communist movement. The Soviet state was regarded as the basis for the worldwide expansion of socialism, whenever it would come. The Comintern was no longer a communist international but a tool of Soviet foreign policy. In

Eastern Europe, a number of pro-Soviet states had been created following World War II. They formed a state socialist bloc with significant influence on world affairs. It would be incorrect to accuse the Soviet Union of economic imperialism in Eastern Europe, but it certainly controlled those countries politically.

The revolution that had never come in the West came in the East. In 1949, the Communist Party of China proclaimed the People's Republic of China. The world's most populous state was now led by socialists. During the 1950s, the Soviet Union heavily supported China. Thirty-eight thousand Chinese were trained in the Soviet Union, and eleven thousand Soviet experts helped build infrastructure and China's industrial sector. China received blueprints and know-how to construct everything from trucks to nuclear power stations. Observers spoke of the biggest transfer of knowledge and expertise from one country to another in world history. [328] This occurred at a time when the Soviet Union was still recovering from World War II and facing an increasingly hostile USA.

However, the relationship between China and the Soviet Union was not perfect. Disagreements were expressed in indirect ways. China, for example, criticized the Yugoslav experiment in socialism, while the Soviet Union was just normalizing its relations with the Tito regime. The Soviets, on the other hand, shunned Albania, which was closely tied to China. Open conflict emerged at international communist party conferences in the 1960s. The new Soviet leader, Nikita Khrushchev, accused Mao of "adventurism," while the Chinese called Khrushchev a "revisionist." In 1964, Mao claimed that a counterrevolution had occurred in the Soviet Union and that capitalism had been reintroduced. Official relations between the countries were suspended and there were even skirmishes along their border.

The reasons for the conflict were manifold. One was simply the question of who was the rightful leader of the international communist movement. The Communist Party of China claimed to be Stalin's true successor, since Stalin had been denounced by Khrushchev. Mao, it insisted, was the world's most accomplished communist leader.

There were also differences in the approach toward the USA. Due to economic and military pressure, and with the possibility of a nuclear war in mind, the Soviet Union had entered a period of "peaceful coexistence" with the West. One of the consequences was that the Soviets would no longer sponsor China's nuclear program. In China, sentiments were very different.

The Chinese had fought US troops from 1950 to 1953 in Korea, and the US protected the dissident Chinese Republic of Taiwan. This was not the only foreign policy issue where Moscow and Beijing didn't see eye to eye. The Soviet Union, for example, had refused to back China in a border conflict with India; being on good terms with the vast newly independent nation in South Asia was important for the Soviet Union.

Finally, there were ideological reasons for the dispute. Within the Communist Party of China, two factions stood increasingly in opposition to one another. Mao stood for the Party's left wing, Liu Shaoqi and Deng Xiaoping for the right wing. Mao's economic program, known as the Great Leap Forward, had not brought the hoped-for results, and the right wing used this to its advantage. For Mao, the right wing consisted of Soviet agents. Mao's main ideological critique of the Soviet Union was that it denied that class struggle continued under socialism. The Soviet leadership claimed that class society had ended and that the state belonged to the people. In Mao's view, a new bourgeoisie had risen to power in the Soviet Union. He feared the same was about to happen in China under the leadership of Liu Shaoqi.

Mao was correct in pointing out that class struggle was continuing in both the Soviet Union and in China, however his critique was presented in a very dogmatic fashion. Che Guevara was sympathetic to Mao's positions but concerned about the harsh and polemical tone in which they were voiced. There was also concern over provoking the USA, given the possibility of a nuclear war. In a 1956 interview with the American journalist Anna Louise Strong, Mao famously described US imperialism as a "paper tiger," stating: "In appearance it is very powerful but in reality it is nothing to be afraid of, it is a paper tiger. … Strategically, we must utterly despise US imperialism. Tactically, we must take it seriously." [329] Eventually, the conflict between the communist leaders of the Soviet Union and China reached a point where reconciliation no longer seemed possible. This caused a major split in the international socialist movement that had negative consequences for socialists everywhere.

In hindsight, I believe that the Soviet policy of "peaceful coexistence" was correct. As Khrushchev said in response to Mao's comments on US imperialism: "The paper tiger has nuclear teeth." [330] The USA had deployed hundreds of nuclear warheads, and in Hiroshima and Nagasaki they had shown that they were willing to use them.

KAK's Futura publishing house compiled no less than five volumes of documents dedicated to the conflict between the Soviet Union and China. They were published in the mid-1970s under the title *Den store polemik* , "The Big Polemic." Looking at these books today, it is difficult to find much substance beneath all the fancy words. There was little actual analysis, either of imperialism or of actually existing socialism. This weakened not only the Soviet but also the Chinese position, and might help explain why the Chinese leadership adopted the "Three Worlds Theory" in the late 1970s. According to this theory, the Soviet Union was not just revisionist but was an aggressive "social imperialist" power so dangerous that the Chinese encouraged Third World governments to ally themselves with the US and the countries of Western Europe. But there was no economic or political evidence of the Soviet Union being a dangerous imperialist power. Soviet policy at the time was very defensive. The Chinese government simply seemed to be pursuing the principle of "my enemy's enemy is my friend." They supported everyone and everything that was anti-Soviet, even if it meant forging alliances with the US and South Africa, as they did in Angola, where the Chinese sided with UNITA in their struggle against the socialist MPLA.

KAK was founded because Appel had shared China's critique of Soviet revisionism. KAK still shared this critique even after our ties to the Communist Party of China were cut in 1968. But we could never see any sense in the Three Worlds Theory. In M-KA, we saw the Soviet Union as a tactical ally. In our practical collaboration with liberation movements in Africa and the Middle East we saw that the Soviet Union was playing a positive role on the ground. It educated and trained people, and provided them with material support. In addition, it counterbalanced the global influence of the US, creating space for the liberation movements to act. Foreign investment and trade were insignificant for the Soviet Union's own economy. In fact, the Soviet government provided Eastern European and Third World countries with oil at well below world market prices.

The Soviet Union was not the only socialist country the Chinese were hostile toward. In 1979 China also ended up in an armed border conflict with its former ally Vietnam, due to the latter's role in the Cambodian conflict. During the Vietnam War, the US had invaded Cambodia—at the time a neutral country—and installed a military regime under the leadership of Lon Nol. The Vietnamese first supported the Khmer Rouge led by Pol

Pot in their struggle against Lon Nol's regime, but after they came to power, relations between Cambodia and Vietnam deteriorated. The Khmer Rouge, whose political purges wiped out a significant portion of the country's population, developed close ties to China instead. The Khmer Rouge's hostility toward Vietnam eventually prompted the Vietnamese government to order an invasion of Cambodia to oust the regime. The Vietnamese installed a government to their liking, stabilized the country, and withdrew in 1989. For some time after the Vietnamese takeover, Pol Pot remained the Cambodian representative to the United Nations, as demanded by both the US and China. They preferred the Khmer Rouge over the Vietnam-backed government. The Chinese had viewed the close collaboration between the Vietnamese and the Soviet Union during the Vietnam War with much skepticism, and considered the Vietnamese invasion of Cambodia a threat to their national interests. In response, they invaded Vietnam under the pretext of a border dispute. However, they were met by an able and determined Vietnamese defense force and withdrew in short order.

The national interests of socialist states often weighed more heavily than international solidarity in the fight against imperialism. This contributed to the decline of the anti-imperialist movement at the end of the 1970s. But there were exceptions. The Cuban government under Fidel Castro supported numerous anti-imperialist struggles in Latin America, Africa, and Asia. Between 1960 and 1999, twenty-eight thousand Africans were educated at Cuban facilities, and more than seventy-five thousand Cubans were stationed in Africa as doctors, teachers, and soldiers. In the 1960s, Che Guevara was one of many Cubans who went to the Congo to support the Congolese liberation movement on the ground. In 1967, Che was doing the same in Bolivia, before he was captured and killed. Cuba also rendered significant support to revolutionaries in Nicaragua, El Salvador, and Guatemala. In 1976, they helped the MPLA in Angola prevail over the Western and Chinese-backed UNITA.

After the MPLA's victory, Cuba trained guerrilla fighters of the South African ANC in Angolan camps. Angola was regularly attacked by South Africa in the late 1970s and 1980s, since the MPLA supported liberation struggles in both South Africa and Namibia, which was under South African control. In 1987, South Africa launched an invasion of the country, and the Angolan government asked the Cubans for help; the Cuban government immediately sent ships with troops and military equipment.

After the South African forces were defeated in a battle near the village of Cuito Cuanavale, South Africa had to withdraw and redefine its role in the region. In the internal crisis that followed, the country's leaders were forced to recognize the ANC and release Nelson Mandela from prison. Cuban forces remained in the region until Namibia had declared independence and SWAPO formed the nation's first government. Cuba's contribution to stability in Angola, the independence of Namibia, and the end of the apartheid regime in South Africa was enormous, not least as measured in loss of life. The Cubans' involvement was based on the principle of international solidarity, not national interests. It must not be forgotten that Cuba was experiencing great economic and political difficulties at the time due to the Soviet Union's collapse.

The PFLP also put international solidarity into practice. In their training facilities in Lebanon, they welcomed members of numerous liberation movements from the Middle East, Africa, and Latin America. This made a big impression on us in M-KA. It was one of the reasons why we saw true revolutionary potential in the worldwide collaboration among liberation movements.

None of this, however, could prevent the fading of socialist hopes in the 1980s. The capitalist world system and the modern nation state certainly played their part, but problems in the socialist camp itself cannot be denied. State socialism did not provide the example of a better world we had hoped for; both democratic structures and economic progress were lacking. We did not have examples of viable socialist societies. It is not enough to say, "Well, state socialism wasn't *real* socialism. Let's try again!" There were numerous genuine attempts to create socialism over a period that spanned almost a century. The fact that none of them delivered the goods requires serious reflection. It is not surprising that people lost faith in a socialist future.

But socialism did not fall out of favor with the masses of the Third World because the capitalist system was suddenly able to meet their needs. The global distribution of wealth is still unjust, leading to social unrest and violent conflict, but today's resistance movements lack visions of freedom, equality, and solidarity. The disillusionment with socialist liberation movements has led many to embrace forms of right-wing anti-imperialism, often represented by religious fundamentalists who were originally trained and equipped by the imperialist powers as counterrevolutionary forces, as

for example in Afghanistan, Iraq, or Syria. On the other end of the spectrum, we find the naive belief that liberalism and formal democracy would instantly turn the entire world into Europe. In the Middle East and North Africa, there once prevailed a socialist, pan-Arab vision that united people from Iraq to Morocco; today, political dissidents either demand an Islamic state or a parliamentary system and free markets.

There is a need for concrete visions of socialism; visions that are both attractive and attainable. There is also a need for strategies to get us there.

Actually existing socialism—and, with it, the anti-imperialist movement of the 1970s and 80s—vanished with the collapse of the Soviet Union in 1991. The window of opportunity had been opened by the two global superpowers trying to neutralize one another; it was now closed. Material support for liberation movements was no longer forthcoming, and for the former colonies that had become independent countries, it was now more difficult than ever to pursue a socialist course. Neoliberal capitalism set the agenda and integrated the newly independent countries into the capitalist world market on its own terms. To delink and build self-reliant economies was a herculean task that the newly independent countries were unable to accomplish. This also meant that they were constantly drained of resources that would have been vital to building strong national economies; they were destined to remain poor. Any attempt at implementing socialist policies despite the difficult circumstances was met with opposition from the US and, if necessary, simply crushed.

The revolutionary movements of the twentieth century made huge sacrifices in their attempts to topple the dominant order. Still, they failed, being met with brute force as well as cunning strategies of cooptation. It is important, however, to remember that each of these movements forced capitalism to adapt. Capitalism has gone through enormous changes in the past hundred years. The national liberation struggles did not lead to world revolution or even produce individual socialist nation states, but it would be wrong to say that they achieved nothing. They brought an end to colonialism in Africa and Asia. They brought an end to the apartheid regime of South Africa. Dictators in Latin America were toppled. The fate of the Palestinians entered the global consciousness.

What is the situation today? The former colonies have not been able to escape imperialism, despite independence. The ruling elites of the newly independent countries constitute—more or less willingly— a class of

compradors. Workers and peasants have largely lost faith in socialism and now put their hopes in either Islamism or liberal democracy. This has extended the life of global capitalism. The crisis of 2007, however, was an early sign that it is nearing its end. The causes underlying the crisis went much deeper than irresponsible financial speculation, and they will not go away. The next thirty years will see many windows of opportunity for radical change. If the 1970s were characterized by too much optimism, then the present is characterized by too much pessimism.

PART TWO:

Globalized Capitalism

chapter 5.

Neoliberal Globalization

In Part One, I looked at the history of imperialism and anti-imperialist theory and practice. In Part Two, I want to turn my attention to the current state of global capital. What has changed since the 1970s? How does the system work today? How is it developing?

I see the world as a system where everything is connected, economically and politically. This is nothing special; with the popularization of the term "globalization" [331] such a perspective became widespread in the early 1990s. At the same time, however, another term disappeared from discussions, namely that of the Third World. One reason was that it had lost its meaning with the disappearance of the Second World, meaning the Soviet Union and the state socialist bloc. Another reason was the increasing differentiation among Third World countries. Some, such as South Korea and Taiwan, moved from the periphery to the semi-periphery. Others, such as Saudi Arabia and the smaller Gulf States, became very rich and imported cheap labor from Nepal, Bangladesh, and the Philippines; these laborers form a migrant proletariat making up 80 percent of the population. Furthermore, neoliberalism led to an overall polarization between rich and poor. There are now pockets in the imperialist countries where living conditions remind us of the Third World. If the term is used at all these days, then it is mainly as a social category, not as a geographical or political reference.

With the 1980 publication of *North–South—A Programme for Survival* , the first report of what was known as the Brandt Commission, the terms "North" and "South" came to replace those of "First World" and "Third World" in political debate. [332] These are used as political-economic terms rather than strictly geographical ones. The Global North is, generally speaking, equivalent to the OECD countries, while the Global South comprises the low-wage countries. In this book, I use the terms First World/Global North and Third World/Global South interchangeably, although I mostly refer to the First and Third World in the context of debates up to 1989, and to the Global North and South in the context of debates after that point.

In the following political-economic analysis of the current capitalist world system, I will rely heavily on the theorists of the 1970s, Emmanuel, Wallerstein, and Amin. Wallerstein and Amin are still very productive, and Emmanuel's work has been honored in an extensive doctoral thesis by John Brolin, *The Bias of the World* , completed in 2007. [333] However, in the course of working on this book I also discovered many new theorists. After a drought in imperialism theory throughout the 1990s and early 2000s, there have been valuable recent contributions to understanding the global economic system and class formation. [334] An indication for this renewed interest was the publication of *The Palgrave Encyclopedia of Imperialism and Anti-Imperialism* , released in 2016, and edited by Immanuel Ness and Zak Cope. It includes one hundred and seventy articles on relevant topics and individuals, and is an outstanding contribution to the field. The renewed interest in imperialism is without a doubt related to recent developments in the global capitalist system and the undeniable role that imperialism continues to play in it.

Toward an Integrated Theory of Capitalism and Imperialism [335]

Throughout the twentieth century, the study of imperialism was mainly seen as a supplement to the analysis of capitalism. One of the reasons for this was that imperialism mainly affected societies that were not yet fully integrated into the capitalist world system. Today, this is no longer the case. Capitalist production has been globalized. This calls for an integration of theories about imperialism and capitalism.

When Lenin was writing about imperialism, the capitalist mode of production was well established in Europe and North America, but not in the rest of the world. The imperialist countries ruled over their colonies by brute force rather than by economic means. The globalization of the relationship between capital and labor was only in its infancy. It was most pronounced in plantation agriculture and the extraction of raw materials. Global chains of production are a much more recent phenomenon.

In *Imperialism, the Highest Stage of Capitalism* , Lenin described the formation of monopolies and cartels and the growth of independent finance capital. He described how investments in the colonies generated superprofits, but he did not provide a thorough analysis of imperialist value, price, and profit, comparable to Marx's analysis of capitalism.

Imperialism, the Highest Stage of Capitalism was published in 1917. For almost forty years, there was no real innovation in imperialism theory. The Soviet Union's hegemony over the international communist movement made Lenin's theory sacrosanct until long after his death. Only in the 1960s did new theorists dare update Lenin's theory. They tried, with the help of Marx's writings, to understand current forms of value transfer in a globalized capitalist system. Terms like *dependency* , *unequal exchange* , *center* , and *periphery* were central to this. It was ironic, but perhaps predictable, that these theories lost influence again, just when the globalization of capitalism became undeniable in the 1980s. The central questions for political economists now were financial globalization and the role of the nation state. Imperialism theory seemed like some outdated fad from the 1970s. As a result, the imperialist dynamic that continues to define North–South relations has often been overlooked. Today, the economic relations between the imperialist countries and the former colonies have become an integral part of the global capitalist system. They are determined by its logic. Capitalist production has been globalized in the form of global chains and networks. One of the most tangible consequences of this is the massive relocation of industrial production to low-wage countries.

Transnational corporations aim to lower production costs and increase profits by replacing high-wage labor with low-wage labor. This has led to a new stream of superprofits and a transfer of wealth (in the form of cheap goods) to consumers in the imperialist countries. Neoliberal globalization has strengthened capitalism's parasitic traits. The relationship between capital and labor has become a global relationship between Northern capital and Southern labor. It represents a "pure" capitalist form of imperialism; that is, a form of exploitation that relies on an economic framework rather than on colonial violence. This does not mean that it is detached from colonial history or that all forms of violence are gone. No economic system will ever be "pure" in that sense. Still, it is important to emphasize the principal mechanisms that imperialism relies on today and how central they have become. Historical materialism has taught us that economic development is always linked to political development, driven by class struggle.

In the 1970s, dependency theory showed how the development of the periphery—or, more precisely, the lack of it—was dependent on the core countries. Today, the core countries have become dependent on production

in the periphery. To speak of “producer economies” and “consumer economies” (connected via global chains of production) more accurately describes current global economic relationships than the terminology formerly used by dependency theorists. [336] Today, the proletariat in the South does not play a peripheral but a very central role in the capitalist world system. Its exploitation is not a minor aspect of the system but one of its principal features. In order to account for this theoretically, we need to integrate theories of capitalism and imperialism; we need *one* theory for the entire global system.

With regard to both the historical overview above and the following sketch of today’s global economy, I would define imperialism as an expansion of the capitalist mode of production made necessary by its inherent contradictions. This implies a value transfer that polarizes the system and creates a center and a periphery, one consequence being that class struggles in the center and the periphery unfold under very different circumstances.

Globally, individual nation states vie for dominance. Imperialist countries compete with the countries of the periphery and with one another. There is a permanent struggle for hegemony. This reflects back on the economy. The classes involved either try to optimize the economic system to serve their interests—or they try to destroy it. The dialectical process between the laws of capital and their political consequences, in the form of class struggle, is the engine that drives everything. It is this dynamic that I want to discuss in this chapter.

The origins of neoliberal globalization can be found in the 1950s, when an increasing number of firms became transnational. Corporations that belonged to monopolies based in the US, Western Europe, and Japan established branches in other countries to secure easier access to raw materials and markets. The oil industry with companies like Exxon, Shell, and BP is one example. It was the resistance against these companies’ global expansion that made OPEC dramatically raise the price for crude oil in the 1970s, which caused a major crisis for global capital. The solution was neoliberalism. *Neo* because classical liberalism had played a big role in the early development of the capitalist system. From 1870 to 1913, liberal ideas had a particular influence on the development of capitalism. There was an enormous increase in international trade, integration of markets, financial interdependence, and migration.

The basic ideological principles of neoliberalism had already been formulated by F.A. Hayek in the 1930s. In the 1970s, Hayek's work was rediscovered by a number of liberal economists eager to present alternatives to Keynesianism, which had become the dominant economic theory in Europe and the US after it helped resolve the economic crisis of the 1930s. Multinational corporations embraced neoliberalism as it promised to relieve the pressure of nation-state regulations on investment and trade; they wanted to move from being multinational to *trans* national. Neoliberalism meant that ties between the US, Western Europe, and Japan became very close. They formed a "Triad," meaning a united imperialist leadership. Semi-annual meetings between the leaders of the most powerful capitalist nations were introduced (the so-called G meetings), a number of transnational institutions were established (such as the WTO), and numerous free trade agreements signed.

This must not be mistaken for the creation of a "world government" regulating global capitalism. Individual states—and their classes—still have, and defend, their national interests. The US wants US capital to come out on top, Germany German capital, and so on. Transnational corporations do not stand in opposition to the state as such. Rather, they ally themselves with states that serve their interests. National differences, for example in wages and taxes, are essential to maximize profit. These differences could not exist if states didn't exist. Transnational corporations benefit from the competition between states to offer capital the best conditions in terms of taxes, infrastructure, security, etc. They especially benefit from the wide gap between the Global North and the Global South. The centers of accumulation—that is, the financial, legal, and executive headquarters—remain restricted to certain states. These are the states that the transnational corporations remain most closely connected to, for historical, political, and economic reasons. They guarantee the security of capital at home and protect its interests abroad.

It is also the state that enforces property rights. Neoliberal treaties and agreements to regulate transnational trade, investment, and copyright (or so-called "intellectual property rights" in general) have created a new global "institutional architecture." The aim is to create stability for transnational corporations and increase their influence on state policies, particularly with regard to labor. It is the state that imposes this on the people, though, and it is only the state that has the power to enforce economic, political, and

military sanctions. President Obama made no effort to conceal this in a talk he gave at Nike headquarters in May 2015: “We have to make sure America writes the rules of the global economy. And we should do it today, while our economy is in the position of global strength. Because if we don’t write the rules for trade around the world—guess what—China will.” [337]

The neoliberal breakthrough came when liberal think tanks and lobbyists from multinational corporations joined forces with conservative politicians. Margaret Thatcher in the UK and Ronald Reagan in the US combined social and cultural conservatism with a liberal critique of government intervention in the economy. This approach was later adopted by European social democrats, in a process exemplified by Tony Blair’s New Labour. New legislative and institutional frameworks for global relations were established as well. The Schengen Agreement was signed in 1985, the North American Free Trade Agreement (NAFTA) in 1993, and the founding papers of the World Trade Organization in 1995. Apart from the G meetings, the annual World Economic Forum in Davos, Switzerland, is now of major importance, and there are also the Bilderberg meetings as well as other formal or informal get-togethers of the world’s political and economic leaders. At the same time, the former Soviet republics, Eastern Europe, and China were integrated into the global capitalist market. This contributed to economic growth and neoliberalism’s two-decade long honeymoon.

Neoliberalism would not have been possible without the development of the productive forces, especially in transport and communications. The introduction of the standard-size container for land and sea transport, designed by Malcolm McLean in 1956, was one such innovation. McLean’s container could easily be moved from ships to trains and trucks. The unloading of cargo ships, which once took days, or even weeks, could now be completed within hours. Costs for long-distance shipping were reduced by 97 percent. The standard-size container became the norm during the Vietnam War. The quantity of US military equipment sent to the region made the container customary in all of East Asia. Since 1980, container transport by sea has grown by 1,550 percent: 95 percent of the foodstuffs, clothes, cars, and electronics we consume are shipped in containers. More than twenty million of them circumnavigate the globe. The biggest cargo ships can carry twenty thousand, which translates into forty thousand cars, 117 million pairs of shoes, or 745 million bananas. [338] Labor has become a

much more relevant cost factor in production than transport. A number of industries, including the automobile and electronics industry, are taking full advantage of the low wages of Asian and Latin American countries. This would be impossible without the standard-size container. The container became the hidden link between the producer countries in the South and the consumer countries in the North.

Personal computers, mobile phones, email, the Internet, and other new forms of communication technology have revolutionized the global stream of information. They have also revolutionized management. One example is the "just-in-time" model which minimizes production time as well as storage costs by delivering the material used in production at exactly the right time to the right place. In short, communications and logistics have become central to the production process.

The innovations in transport and communications have made it possible to divide the production process into numerous steps that don't need to be geographically linked. Production is coordinated in networks and chains—whether they connect different floors in a building, or offices, workshops, or factories across the globe. Capital is no longer bound to specific sites of production as location has become incredibly flexible: capital can employ labor wherever it makes production most profitable. Laborers, on the other hand, are bound to the places where they earn a living; they have become highly vulnerable pawns in the global capitalist game.

The concentration of capital that Hobson, Lenin, and Hilferding identified as a prime feature of capitalism in the early 1900s remained a prime feature of capitalism throughout the twentieth century. The emergence of transnational corporations is as much an indication of this as the emergence of monopolies. Samir Amin speaks of "generalized monopoly capitalism" when referring to capitalism's current phase. When we speak of monopolies, we don't just mean big corporations dominating industries. We mean networks that dominate the entire productive system. The Swiss Federal Institute of Technology developed a model to map the ownership of transnational corporations. [339] Out of 37 million companies, they identified 147 that, through interlocking stakes and share ownerships, account for 40 percent of the wealth created by all companies combined; 737 account for 80 percent. Ten companies account for 76 percent of the world's automobile production, two companies for 95 percent of the world's

airplane production, and one company controls 60 percent of the world market for microprocessors. Six companies control 85 percent of the global production of car tires, seven companies account for 90 percent of the world's medical equipment, and two companies produce 80 percent of the world's ground coffee. Five companies control 77 percent of world trade in corn, three companies control 80 percent of the world market for bananas, and 87 percent of the world market for tobacco is in the hands of four companies. [340] Small and medium-sized firms serve as suppliers to the monopolists, which take a significant share of their profits. [341] This means they make a superprofit, that is, a profit above the average profit rate.

So-called intellectual property rights constitute a new dimension of capitalist monopolization. It is impossible to protect these rights without the help of the state. The Northern countries have signed numerous treaties to this end. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is meant to protect the superprofits of the monopolies based in the North. In 2010, they accounted for 98 percent of all royalties and licenses linked to intellectual property. [342] In absolute numbers, they earned US$237 billion from them. Some industries are particularly dependent on patents and trademarks: fashion, design, electronics, software, and pharmaceuticals. The pharmaceutical industry illustrates the profit margins at stake particularly well: Doctors Without Borders has estimated that when generic versions of patented medicines to treat HIV infection became accessible in the year 2000, the annual cost of treating an HIV-positive patient in India dropped from $10,000 to $150. [343]

The Global Division of Labor

During the past thirty years, there has been a fundamental change in the global division of labor. From capitalism's very beginning up to the 1970s, the countries of the periphery mainly served as sources of raw materials and tropical agricultural products. In the 1950s, industrial goods made up only 15 percent of the exports of all Third World countries combined. By 2009, the number had risen to 70 percent. [344] Industrial labor had, with rapid speed, been moved from the Global North to the Global South.

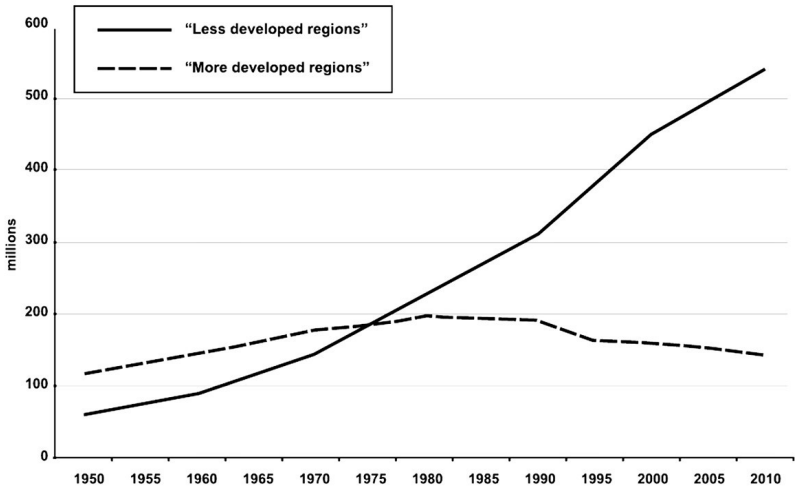
Outsourcing began in the 1970s with trade capital (represented by corporations such as Tesco and Walmart) moving the production of shoes, clothes, toys, and kitchenware to low-wage countries. The next wave saw

US electronics giants such as Cisco, Sun Microsystems, Garmin, and AT&T moving their production to South Korea and Taiwan in response to increasing competition from Japan. The latest, and strongest, wave was prompted by China entering the global market in the 1990s. Between 1990 and 2000, every year one hundred thousand industrial jobs were moved from the US to the Global South. In 2002, it was two hundred thousand jobs, and, in 2004, no less than four hundred thousand. The constant increase only stopped with the financial crisis of 2007. [345]

In total, the global labor force engaged in capitalist production rose from 1.9 to 3.1 billion people between 1980 and 2011. That is an increase of 61 percent. (In the same period the world population increased by 55 percent from 4,5 billion to 7 billion.) Three quarters of this workforce live in the Global South. Together, China and India account for 40 percent of the world's labor force. [346] India joined the WTO in 1995, China in 2001, and the former Soviet republics and the countries of Eastern Europe were integrated into the global capitalist market around the same time. This meant an expansion of capitalism of historic magnitude, comparable to the abolition of feudalism. We have witnessed a modern-day form of primitive accumulation. At the same time, millions of workers lost their jobs in government-owned industries and were turned into an additional low-wage sector of global capitalism.

Figure 2 below illustrates the changes in the global division of industrial labor between 1950 and 2012. In 1980, the numbers of industrial workers in the Global South and Global North were about equal. In 2010, there were 541 million industrial workers in the Global South, while only 145 million remained in the Global North. [347] The proletariat of the South has become much more entrenched in the global economy and is of much greater importance for its continued development. The center of gravity for global industrial production no longer lies in the Global North, but in the Global South .

FIGURE 2. The Global Industrial Workforce, 1950–2010



Source: Smith (2011), "Imperialism and the Law of Value." *Global Discourse,* vol. 2, no. 1, 2011.

Not all of the countries in the Global South are affected by this in the same way. The industrialization of the Global South is concentrated in twenty-three countries that comprise 76 percent of the Global South's population. [348] In the other 107 countries that the International Labour Organization (ILO) lists as belonging to the Global South, the export of raw materials and agricultural products remains the mainstay of the economy. [349] The countries with the strongest level of industrialization include those with rich oil reserves, such as Saudi Arabia, the smaller Gulf States, Nigeria, and Venezuela. Meanwhile, the countries of Central Africa have become even more marginalized. Even within the industrialized countries of the South, there are big regional differences. Industrialization often remains restricted to so-called export processing zones, with generous tax breaks and heavy restrictions on organized labor. In 2006, there existed 2,700 export processing zones employing 63 million people. In China, export-oriented industrial production is concentrated along the Pearl River and the cities of Hong Kong, Shenzen, and Guangzhou.

Agriculture in the South has also undergone big changes. Agricultural production has been integrated into the global market and a new rural proletariat has emerged, involved in the production of tropical timber, vegetable oil, coffee, tea, meat, and fodder. More effective means of transport and "cold chains" have radically transformed the global market

for fruits, vegetables, and flowers. These are now available in all shapes and forms year-round for customers in the North; in most cases, at a relatively low price. Eighty percent of the workforce in this so-called “non-traditional agricultural sector” consists of women. They have very little protection against the pesticides they are exposed to. [350] The market itself is controlled by a handful of global distributors and supermarket chains such as Tesco and Walmart.

Outsourcing is not limited to industrial and agricultural labor. It is also a major factor in the service industry. Services that can be moved *are* moved. Mumbai, for example, has become the global center for IT services. Labor costs for an Indian software engineer, programmer, or data assistant are a fraction of what employers would have to pay in North America or Europe. Telephone services, accounting, and design are also increasingly being moved to the South.

For workers in the North this means that competition for the most lucrative and best-paid positions in the global division of labor has intensified. Higher education has become more important than ever. Everyone is looking for a head start in the job race. Even at the higher levels of employment, the South has become a threat. In recent years, numerous higher-level educational institutions have been established in low-wage countries. Research is also moving there. In the long run, the North is destined to be the loser in the competition it has unleashed.

In the 1980s, it became popular to describe Western societies as “post-industrial.” Immaterial labor, meaning labor related to knowledge, information, communications, service, creativity, and what has been dubbed the “experience economy” became increasingly important. We are a far cry from a “post-industrial” world, however: computers, screens, smart phones, and all the other consumer goods we use in ever increasing quantities are produced by actual people. Globally, there are *more* industrial workers today than four decades ago, not less. Industrial production has not disappeared, it has only been moved out of sight if you live in the Global North. While the labor is done in the South, it is still controlled by the North, which handles finance and trade, and enforces property rights.

The industrialization of the South goes hand in hand with the rise of unproductive labor in the North. Today, about half of the workforce in the North is involved in unproductive labor. [351] As an article in the *Economist* put it in 2012: “[F]actory floors today often seem deserted, whereas the

office blocks nearby are full of designers, IT specialists, accountants, logistics experts, marketing staff, customer-relations managers, cooks and cleaners." [352] Economists have characterized the present phase of globalization as one "in which production and the realization of value are more delinked geographically than ever before." [353]

It is important to remember that everything consumed by workers involved in both productive and unproductive labor comes from the productive sector. Let us look at the security guards hired at factories, as an example to illustrate this. They create a common good, security. But if the number of security workers is rising in relation to industrial workers, then the average production per worker declines. Security workers are reliant on the value produced by industrial workers. Hence, the rise of unproductive labor in the North depends on the increased exploitation of productive labor in the South. Otherwise, profits would fall. Already in 1990, James Devine pointed out that "if the center uses unproductive labor more than the world average … then value will be transferred to the center." [354]

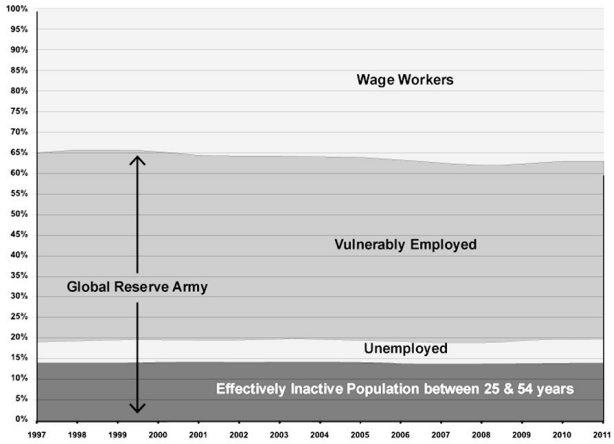
William Milberg has noted that "many 'manufacturing' firms now do no manufacturing at all, providing only brand design, marketing, supply chain logistics and financial management services." [355] He explains how this is directly linked to falling import prices, which have been essential for maintaining high profit rates. [356] Milberg also links finance capitalism in the North to the low prices for products manufactured in the South. Reduced production costs brought increased profit shares that were "retained and reinvested." The correlation between financialization in the North and the creation of value in the South is expressed in the fact that the corporations most dependent on cheap imports are also the most financialized in terms of shareholder value. [357] As Steve Knauss concludes: "The expansion of finance, as with marketing, logistics coordination, and other prominent types of unproductive labor commonly seen in the North in recent decades, provides a strong indication that transfers of value remain a prominent feature of global political economy in the 21st century." [358]

For about fifty years, economists have been telling developing countries that industrialization will allow them to catch up with the rich countries; all the poor countries had to do was emulate Europe and North America. But the current industrialization of the South cannot be compared to the industrialization of Europe and North America more than a century ago. Circumstances are entirely different. The industrialization of the North

was made possible by tariff barriers and a strong domestic market. It was made possible by colonialism and imperialism. The current industrialization of the South is entirely dependent on exports. There are no industrial monopolies in the South. To the contrary, the industrialization of the South is characterized by fierce competition. The monopolies based in the North (for example, the “big brands”) can choose between numerous suppliers. Furthermore, the South has no periphery to exploit and the vast majority of the profits go to the North. It is very difficult for the workforce of the South to gain higher wages: there exists a large reserve army of labor, millions of unemployed men and women desperately seeking employment, and migration laws make it virtually impossible for them to move to countries where wages are higher. The doors to the North are only open for those sections of the population whose skills are needed, and there are no longer any “undiscovered continents” to settle in.

When industrial jobs were moved to the South, wage levels did not move with them. This is hardly surprising: the low wages of the South were the reason the jobs were moved to begin with. Industrialization brought some countries in the South a higher GDP, but this mainly benefited new upper and middle classes. Real wages for the working classes have hardly risen at all. The industrialization of China, South Africa, and Brazil is not paving the way to a life resembling that of the European or North American working classes. It is impossible to export the goods produced in the South for low prices to the North and establish a consumer society in the South at the same time. The industrialization of the South depends on the purchasing power of the North. While capitalist development in the North was characterized by a balance between supply and purchasing power, no such balance exists in the South. Nor can it within the current world system. The low wages of the South require a large reserve army of labor .

FIGURE 3. The Global Workforce and the Global Reserve Army



Notes: The Proportion of "vulnerably employed" and "unemployed" were estimated based on percentages from the "Global Employment Trends" reports cited below. The chart includes total world population (15 years and over) excluding the economically inactive population less than 25- and greater than 54-years of age.

Sources: International Labour Office (ILO), "Economically Active Population Estimates and Projections (5th edition, revision 2009)," LABORSTA Internet (Geneva: International Labour Organisation, 2009); ILO "Global Employment Trends," 2009, 2010 and 2011 (Geneva: International Labour Office).

Here from: Foster, McChesney and Jonna (2011).

This is confirmed by data from the United Nations' International Labour Organization; in 2011, the ILO divided the global workforce into the following groups:

- 1.4 billion wage laborers, some of them working part-time and with insecure employment.
- 1.7 billion people working in the so-called informal sector, which includes servants, street vendors, and a rural proletariat involved in subsistence farming; despite the fact that they work, they are registered as unemployed and form what Marx called the "latent part" of the reserve army of labor.
- 218 million unemployed laborers; they constitute what Marx called the "floating part" of the reserve army of labor.
- 538 million people of "prime working age" (25–54) who are classified as "economically inactive"; this is a heterogeneous group consisting of students, disabled people, prisoners, and what Marx called the lumpenproletariat. [359]

If we look at the last three categories, it means that the global reserve army of labor consists of 2.4 billion people. If we compare this with the 1.4 billion wage laborers, the reserve army of labor is 70 percent larger. The vast majority of the people who belong to it live in the Global South. This is one of the main reasons why it is so unlikely for wage levels there to increase.

The Rise of Finance Capital

Capital's profits come, in general, from the production of goods. The profits of finance capital, however, come from the circulation of money. Finance capital is money that creates more money—or, at least, it appears so. In truth, finance capital is, in various ways, dependent on productive capital.

The original form of finance capital was bank capital. Banks redistribute capital from those who have a lot to those who have little. They loan money to investors and grant credit to consumers. They transfer money from one account to another. This, they have done for centuries. In the fifteenth-century banks of the Italian city states, gold was physically moved between vaults. Today, finance capital no longer deals in gold—or physical money, for that matter. Banks no longer need to print bills and coins in order to create capital. They themselves are the biggest "producers" of money in the world. If you borrow a million dollars, this is little more than numbers on your account, but they create instant purchasing power. This can be used for investment or consumption, depending on your wishes. With this trick, finance capital does not create more value, but it stretches the value that exists by anticipating future value. Today, banks do much more than just redistribute capital. For example, they lend money they don't even have. At the present time, the average ratio of loans to deposits is about 20:1; right before the financial crisis of 2007, it was 100:1. [360] By creating instant purchasing power, finance capital conceals capitalism's biggest problem, the imbalance between supply and purchasing power. But the operations of finance capital are not restricted to lending money. They also include currency trading, bonds, shares, securities, "futures," and other derivatives. By extending purchasing power in various forms, finance capital makes it possible for capitalism to grow—but this growth relies on speculative bubbles that can burst at any time.

The financial crisis that hit the world in 2007 marked the end of neoliberalism's glory days. For thirty years, neoliberalism had been doing fabulously well. Profit rates were increasing, while wages and taxes were not. In August 2007, however, the European Central Bank and the American National Bank were forced to inject money into the international banking system. Banks had been so busy lending money to each other that they now feared each other's downfall. This was the beginning of a crisis that would tear deep holes into the fabric of the capitalist world system.

In order to understand the financial crisis of 2007, one has to consider the relationship between the two most important features of neoliberal globalization: the outsourcing of labor to the Global South, and finance capital's growth, that is, the "financialization" of capitalism. By financialization, we mean an increase in stocks, bonds, insurance, and real estate and currency speculation in relation to production. An ever greater share of profits comes from financial transactions, seemingly separate from actually producing anything. But the profits of finance capital are intrinsically linked to the outsourcing of production to the Global South. Both phenomena appeared at the same time, and this is no coincidence.

In order to become more independent from the control of the state and its taxes, transnational corporations began in the late 1970s to establish so-called offshore financial centers. There, they traded in foreign currencies and securities. Finance capitalism can only be understood as a global system; it is characterized by high concentration, high liquidity, and short-sighted, speculative investment. The Internet and other innovations in telecommunications have allowed the financial markets to become globally connected. Capital moves 24 hours a day between financial markets in Tokyo, Hong Kong, Singapore, London, Frankfurt, Paris, New York, San Francisco, and so on. Billions of dollars pass from owner to owner, and from place to place, every second. The transfer of transnational capital increased tenfold between 1982 and 1992. [361] This financial network invests and reaps profits. It can be likened to a digital casino determining the fate of companies, people's savings, the value of currencies, and entire countries. Finance capital has been hugely affected by the new communications technologies. Detailed information about production costs, infrastructure, market relations, wage levels, political conditions, and, if need be, natural disasters are readily available at any time. Everything is turned into stocks,

bonds, currencies, and so forth. What we have is a faceless capitalism and a never-ending pursuit of money with money.

Financialization demands a constant increase in the value of stocks. This creates pressure on the productive sector, which is forced to cut costs —for example, by moving industrial production to the Global South. The result is a higher profit rate, partly because of lower wages for workers in the Global South, partly because of lower prices for consumers in the Global North (which, as a bonus, have allowed capital to reduce the average annual wage increase in the imperialist countries, too). Profits skyrocketed during the integration of the former Soviet republics, the countries of Eastern Europe, and China into the world market. There was so much new capital that investments in the productive sector alone could not absorb it. This was a major reason for the increased speculation which created the bubble that burst in 2007.

Another way in which the industrialization of the Global South is connected to the rise of finance capital concerns the imbalance in international trade. China, for example, has a big trade surplus with the USA. This results in a huge quantity of US dollars ending up in Chinese banks, much of which is loaned back to the US in a roundabout way: China purchases American treasury bonds to allow the US to purchase Chinese goods. This is a prime example of what has become a common pattern in international economics, as poor countries finance the overconsumption of rich countries. The capital from countries such as China and Brazil that is used to purchase bonds also keeps interest rates low. The streams of capital from the South to the North are a result of the global financial imbalance that has been created by the outsourcing of production to low-wage countries. In other words, debt, high-risk speculation, and financial recklessness were only the superficial reasons for the crisis of 2007; the underlying reason was the imbalance in global financial flows caused by the relocation of production. [362] Let us look more closely at what this entailed in practical terms.

The Globalization of Production

In the nineteenth century, goods were typically produced within a factory, where raw materials were turned into a finished product. In the twentieth century, especially after World War II, more and more parts of products

were produced elsewhere. Big corporations began to use suppliers, but most of them still operated in the same country. International trade was still dominated by raw materials and finished products. The industrialization of the Global South and the parallel deregulation of financial transactions, however, have led to an explosive growth in the international trade of parts and semi-finished products. Many of these are traded between subsidiaries of the same transnational corporation. International trade increased tenfold between 1980 and 2007, and it has been estimated that transnational corporations' networks of production accounted for roughly 80 percent of this. [363]

Today, the journey from idea to finished product happens along *global chains of production* . [364] These first rose to prominence in the 1970s, when they were used in the production of shoes, clothes, and toys. It didn't take long before the principle was applied to the production of pretty much everything, from heavy machinery to advanced electronics. [365] Each step in the production process is moved to where conditions are best for the corporations involved. If these optimal conditions change, production moves on. Today, the parts of a new car on the market might have been produced in twenty different countries, and even its assembly might have been divided between different locations. BMWs are not only assembled in Germany but also in China. Ford assembles cars in Mexico, Volkswagen in Brazil, and Toyota all across Asia. Nike shoes and clothes are produced at forty different locations in South and Southeast Asia. They are designed in the US, and prototypes are made in Taiwan. With the help of advanced computer technology, blueprints for mass production are then sent to China, Vietnam, Indonesia, South Korea, and India. The finished products end up, for the most part, in North America and Europe, where they are marketed and sold. This is an example of a fairly simple chain of production. Others can be much more intricate. Computers produced by Dell include about 4,500 different parts, produced in three hundred different locations.

A good example of a so-called "fabless" (no fabrication) company is Apple. Apple develops, designs, and sells products but outsources all of the manufacturing. Apple is one of the world's most valuable companies; in 2016, it had a stock market value of $530 billion. Most of the money does not come from production but from patents. A 2010 report on Apple's iPhone production, commissioned by the Asian Development Bank Institute, states: "It is almost impossible to define clearly where a

manufactured product is made in the global market. This is why on the back of iPhones one can read ‘Designed by Apple in California, Assembled in China.’” [366]

This information tells us little about the actual production process. The parts for Apple products are produced by companies such as Toshiba and Samsung in different locations across Southeast Asia. They are then shipped to Shenzen in China, where the Foxconn company, whose headquarters are in Taiwan, owns gigantic factories. In the Longhua factory, where iPhones and iPads are assembled, four hundred thousand Chinese laborers work, sleep, and eat, being paid a minimum wage, which in 2009 was $0.83 an hour. (The average income of an electronics worker in China in 2009 was $1.36 an hour.) Laborers in the Shenzen factories work twelve hours a day, six days a week. [367] Apple executives in California call Foxconn’s factory town “Mordor,” after the ghastly region in J.R.R. Tolkien’s *Lord of the Rings* . [368] A series of suicides among Foxconn workers in 2010 underscores that this is not a spurious reference. [369] According to Brian Merchant’s investigative report *The One Device: The Secret History of the iPhone* , published in 2017, conditions in Foxconn factories have not changed much since. If we follow the chain of production further, we find Congolese miners working under lethal conditions to retrieve the minerals used in electronic components. The Congolese miners, the Chinese workers, and the California executives are all connected by chains of production, yet their standards of living are worlds apart.

Global chains of production can be roughly divided into two categories:

The first is the *producer-driven* chain of production: big transnational corporations coordinate a network of production where single parts are manufactured and assembled in the locations that offer the best conditions. In a 2011 study, Timothy Kerswell offered a detailed description of chains of production in the automobile industry. [370] Once upon a time (when the term “Fordism” was used to describe an entire era’s form of industrial production), an automobile was assembled in a factory along an assembly line. Today, the automobile industry is a textbook example for how “lean and flexible” chains of production function. Parts for a Ford car, for example, come from seventeen different countries, are delivered “just in time,” and are assembled in various locations around the world. The finished products are then sold by independent dealers.

The other type of chains of production is the *consumer-driven* one, the trademark of global supermarket chains such as Tesco and Walmart as well as big fashion brands like Zara, Vero Moda, and H&M. These companies outsource the production of goods for mass consumption to suppliers in the Global South "at arm's-length." The suppliers are responsible for production, while the corporations are responsible for design, branding, marketing, distribution, and sale.

All global chains of production start in the Global North and end in the Global North. That's where almost all of the finished products are sold. Once, the export of goods brought companies extra income. They exported the excess of goods that were primarily produced for the domestic market. Today, the industries of the Global South are almost exclusively export-oriented. Some branches produce only for consumers in the Global North. The low wages in the Global South make it impossible for workers to consume even a fraction of what they produce. It is consumption in the Global North that determines the value of their products and the profits being made with them—by others.

It is not only goods that consist of many parts that rely on chains of production. Most of Coca Cola's production has been outsourced. At its US headquarters the main concern is branding, while Coca Cola cans and bottles are filled by breweries around the world against handsome royalties. This is why Coca Cola denies responsibility for the horrendous conditions under which its beverages are made in many countries—and for the murder of trade unionists organizing against them. [371]

The fact that the global chains of production are controlled by corporations based in the Global North (often thousands of miles from any factory floor) is the reason for the high profits they generate. It allows monopolies to claim significant shares of the value created in the suppliers' factories. The profits made by Foxconn from the production of Apple products between 2005 and 2015 amounted to between 2 and 3 percent of the sales price; the profits made by Apple were 30 percent. [372] Suppliers in the Global South often produce exclusively for a particular corporation in the Global North. If that corporation threatens to relocate its production, the supplier is likely to go out of business—it is easy to understand the pressure that can be exerted. Once upon a time, transnational corporations had offices in various countries. In fact, this was the original definition of a transnational corporation. Today, a transnational corporation is simply a

corporation that has the power to control and coordinate economic activities in various countries. Corporations based in the US, Western Europe, or Japan do not compete with companies in China or Bangladesh. Nor do the industrial zones of the Global South threaten the power of North American, European, and Japanese corporations. Companies in the Global South are simply *used* by corporations in the Global North. Their only competitors are other companies in the Global South. The same is true for the corporations of the Global North: Nike vs. Adidas, Apple vs. Microsoft, and so on.

Labor Arbitrage

The globalization of production is characterized by moving production to low-wage countries. To explain this process, the economist John Smith uses the term "labor arbitrage." [373] Arbitrage is an economic term that describes the trade of one commodity (in this case, labor) on different markets (in this case, high-wage countries on the one hand, and low-wage countries on the other). Arbitrage allows a corporation to make a profit by buying cheap on one market and selling dear on another. The more unequal the markets are, the higher the profit. There are hardly any markets more unequal than those for labor in the Global North and the Global South.

Labor arbitrage takes two forms: First, production is moved to low-wage countries. Second, labor is imported from low-wage countries. The first is by far the most important because the mobility of labor is strongly limited by migration laws, as the militarized borders of the European Union and the US make painfully obvious. Industries that cannot easily move, for example agriculture, construction, or the care industry, do what they can to import cheap labor. Migrant workers toil in the fields of the US and on European construction sites. Their wages are lower than those of the "native" working class, but they are significantly higher than what they could earn at home. According to the World Bank, each of the 210,000 Bangladeshi immigrants who resided in England in 2013 sent, on average, US$4,058 to their families in Bangladesh. That same year, the average income of a worker in Bangladesh's textile industry was US$1,380. This means that a Bangladeshi immigrant worker in the UK could save three times more money than what a Bangladeshi worker in the textile industry could earn. [374]

Countries such as Saudi Arabia, Kuwait, and other Gulf States have become entirely dependent on the import of low-wage labor. Migrant workers are brought into the country when they are needed, and sent away when they are not. This is particularly pronounced in the construction and service industries. The skylines of Dubai and Qatar have been built by workers from Bangladesh, Nepal, and the Philippines. William Robinson has described their situation: "Neither employers nor the state wants to do away with immigrant labour. To the contrary, they want … its maximum exploitation together with its disposal when necessary." [375]

Laborers such as these make up today's world proletariat. There are millions toiling in factories, mines, and plantations across the Global South. The global market for labor is determined by the global labor arbitrage, which is directly linked to both the limited mobility of labor and the vast reserve army of labor that exists in the Global South. According to the World Bank, "international wage price gaps exceed any other form of border-induced price gap by an order of magnitude or more." [376] Labor arbitrage allows a form of exploitation that is not dependent on political or military oppression and can simply rely on the global labor market. This does not mean, however, that oppression and violence have disappeared. They are necessary to maintain state power, global chains of production, and the division of the labor market. One of the most important functions of the state today is to control the movement across its borders—not of commodities and capital, but of people.

Borders and Migration

The free movement of capital, goods, and rich people across state borders, including those that divide the Global North from the Global South, is an important feature of neoliberal globalization. But there is no free movement for those who produce the goods. This is one of the reasons for the wage differences in the world. Let us look at how the global labor market developed historically.

Migration is nothing new. There have been many waves of migration in capitalism's history. The first consisted of the transport of captive Africans to the Americas, which lasted from the early sixteenth to the early nineteenth century. The second occurred during capitalism's expansion in

North America, Australia, and New Zealand between the middle of the nineteenth century and World War I.

Before World War I, there were relatively few political restrictions on the movement of people. Passports were rarely required and it was easy for immigrants to get citizenship, at least if you were an immigrant from Western Europe. [377] Migration from Europe to North America and other settler states was "high-income migration," which means that people moved from countries with relatively high wages to other countries with relatively high wages. Between 1850 and 1920, about seventy million people emigrated from Europe. This amounted to 17 percent of Europe's population. It significantly reduced the reserve army of labor on the continent and gave workers a fair amount of leverage in their negotiations with capital. This was directly related to the rise in wages at the end of the nineteenth century.

People from the colonies did not migrate under the same conditions. They arrived in North America and Oceania as indentured laborers with few rights and no prospects for becoming citizens. The "coolies" from India and China were put to work on plantations, in mines, and along the railways, working harder and being paid less than their European peers.

A third wave of migration occurred from about 1950 to 1975. The Keynesian reconstruction of Europe after World War II created a demand for labor that could not be met by Europeans alone. Germany recruited migrant workers from Turkey, France from the French colonies, England from Asia and the West Indies. These "guest workers" occupied low-paying jobs, while "native" workers moved up in the labor hierarchy. The European countries welcomed migrant workers as long as they were needed, but with the economic crisis of the 1970s, they became seen as a problem. "Guest workers" became "foreigners." This, however, did not stop immigration; indeed, an increasing number of refugees from the war-torn Middle East now began to arrive.

The number of migrants moving from the Global South to the Global North today pales in comparison to the number of Europeans who emigrated between 1850 and 1920. As mentioned above, 17 percent of the European population left their home countries during that period. In the last decades, only 0.8 percent of the Global South's labor force has moved North. [378] That the number is not higher is particularly striking if we consider the circumstances. Europeans moved to countries where wages

were comparable to those they were used to. Migrants from the Global South move to countries where wages are often ten times more than what they are used to. Transportation has become faster and safer, and it is much easier today to keep in touch with friends and family. What keeps people from the Global South away despite all this, is easy to identify: economic, legal, and physical restrictions. People who live in a country that is not their country of birth comprise only 3 percent of the global population—and only 35 percent of them have moved from the Global South to the Global North. By comparison, in any given year during the second half of the nineteenth century, foreign-born residents made up 10 percent of the world population. [379]

According to a United Nations report from 2005, the absolute number of migrants from the Global South to the Global North was sixty-two million. [380] About 75 percent of migrants lived in the US, which has had the least restrictive immigration laws in the Global North. About 7.5 million lived in the EU. Most of these people arrived in the early 1990s; since then, settling in the EU has been made increasingly more difficult. In Japan, there are less than one million migrants from the Global South, accounting for 1.4 percent of the labor force. Much of the migration from the Global South to the Global North constitutes a "brain drain," since it is much easier for highly qualified migrants to get residency and work permits than for others.

Capitalism has profited immensely from the hierarchies within the international labor market. The relocation of production to the Global South helped raise profits, which the working classes in the imperialist countries benefited from as well. Their wages remained at least relatively stable and consumer goods became cheaper. Had capital not been able to stop the 1970s decline in profit rates, social unrest and the end of the historic class compromise would have been likely. [381] Capital in the Global North is still in trouble, however, as migration creates enormous pressures for it. Capital has an interest in using cheap migrant labor, but this threatens class compromise. We find this expressed in the skepticism, or even hostility, with which many European workers eye migration. With their own wages and welfare services under threat, they fear increased competition on the labor market.

The political framework of class compromise is parliamentary democracy. Today, an increasing number of working-class people vote for right-wing parties. In response, social democratic parties have adopted

right-wing rhetoric and policies. Neoliberal parties find themselves in a double bind: they cannot bring in unlimited numbers of migrants, nor can they alter the economic system that causes migration.

There are few places in the world where the Global South geographically meets the Global North. At these places, mines, walls, barbed wire fences, soldiers, and navy ships are supposed to prevent migration. In the nineteenth century, migrants dreamed of getting their own land. Today, they dream of getting a job. Never have there been so many people wanting to emigrate as today—and never have there been so many determined to prevent others from doing so. Neoliberal states mobilize an increasing number of police and soldiers to keep migrants and refugees from crossing their borders. The Mediterranean sea and the US–Mexico border have been transformed into death zones, as thousands of desperate people from low-wage countries die in their attempts to reach the promised land.

But even if they succeed, fortune is not guaranteed. It has become very difficult to receive citizenship in the countries of the Global North. Few of the arriving migrants will find legal work and access to the institutions of the welfare state. Citizenship has become a biopolitical border. To receive it, you have to work your way up in the migrant hierarchy. There are people with temporary residency, people with permanent residency, people who are allowed to bring their families, etc. Your access to the welfare state depends on the level you have reached.

The immigration system also distinguishes between “political refugees” and “economic migrants”; the latter are sometimes, cynically, called migrants for “personal convenience.” As a consequence, political persecution is seen as an escape route from poverty; it is not only political persecution, however, that entails physical harm and death—poverty does too. Even liberal refugee policies often favor political intellectuals at the expense of poor workers and peasants. Torture justifies refugee status, but starvation does not. Wilma A. Dunaway and Donald A. Clelland write: “In the early 21st century, one of the worst ethnic/racial inequalities of the world-system lies in how the core countries manage the crisis-level flows of refugees. While Western and Japanese media and politicians fuel public fears that their countries are being inundated by these foreigners, the core externalizes this human burden to countries with fewer economic resources to bear the costs.” [382]

Despite the level of exploitation that the countries at the periphery of the capitalist world system are already suffering from, the core countries make them pay for a "refugee crisis" they themselves have created. Military intervention is an important aspect of this. In 2014, more than half of the world's refugees had left their homes due to the military involvement of imperialist countries in the Middle East and Afghanistan. [383] That same year, 48 percent of the world's refugees found shelter in countries of the Global South, while the countries of the Global North granted only 9 percent of them asylum.

A majority of the world's refugees find homes in countries with unemployment rates up to eight times higher than in the countries of the Global North. At least half the world's refugees reside in countries in which a majority of the population live on less than $2 a day. [384]

The New Racism

Since the turn of the millennium, migration has been the most controversial political topic in the Global North. Racism is growing. In discussions about "culture" and "tradition," race and class interlink. Today's racism has little to do with fearing what is "strange" or "different." These are ideological justifications for the division of the labor force. Racism is not a psychological condition. It cannot be cured by education, or by appeals for tolerance and respect. In today's economic, political, and social climate, the new racism is fully rational. It will exist as long as this climate exists.

With the defeat of Nazism and the era of decolonization, racism based on biology and science was largely discredited. Today's racism is expressed in terms of cultural norms and values. Almost everyone agrees that all human beings are essentially equal and that the color of one's skin does not matter. As long as we follow the right norms and values, so the common view holds, we all have the same opportunities in life. In this sense, today's racism is "post-colonial." The global wage gap and strict migration laws have seemingly nothing to do with it. Yet, it is with regard to migrants and refugees that the new racism becomes painfully obvious. In its institutional form, it means the exclusion from citizenship. While open racial, or even cultural, prejudice has become unacceptable, the right to citizenship in a country of the Global North remains reserved for a small minority of the world's population. Race is not an official reason to deny anyone

citizenship; the reasons are economic ones. But the result is clear: the vast majority of the people who are denied citizenship in the countries of the Global North are not white. There is even a special word for migrants who pass the economic entry test: “expats.” They can be doctors, engineers, or IT specialists. In any case, they are acceptable migrants. Class, of course, mitigates the exclusion. Members of the Global South’s national bourgeoisies can cross the borders into the Global North without problems. They frequent their homes in Paris, go weekend shopping in London, and send their children to schools and universities in New York.

Global Wages and Labor Relations

In the early nineteenth century, subsistence wages were the norm—everywhere. Today, the global differences in wages are enormous. Efforts have been made, especially in the Global North, to avoid having the differences become too great within individual countries. This contributes to political stability. However, it is also a consequence of the free movement of labor within most countries. While world market prices exist for most commodities, no such price exists for labor. Prices for copper, coffee, and wheat may differ from month to month, but they don’t differ much from country to country. With regard to wages, it is the opposite: they are fairly stable over long periods of time, but they differ dramatically from place to place.

The ILO has been collecting data on global wages since 1924, but much of it comes from state institutions, which makes the numbers unreliable. Furthermore, the statistics include only workers who are officially registered and receive at least a minimum wage. Concerning the countries of the Global South, the numbers provided by the ILO therefore tend to be higher than the wages that are actually being paid. Since 2005, however, the ILO also carries out independent research on wage levels, which produces numbers that are more accurate. Based on the ILO’s *Global Wage Report 2008/09* , Zak Cope has compiled an overview of wage levels in numerous countries across the globe. [385]

Cope’s work confirms the enormous differences in global wages. However, several factors indicate that in reality they are probably greater still. In the Global South, employers often pay less than what they officially claim to pay, since they evade tax and labor laws. In the Global North, on

the other hand, employers are usually also required to pay for their employees' insurance, health care, pensions, and so on. This difference is not included in official wage comparisons. The differences between the Global North and the Global South are particularly pronounced in the case of the latter's agricultural workers and rural proletariat, since laborers involved in the production of coffee, cacao, or cotton are paid even less than industrial workers. Even worse is the situation for those in the informal sector, which includes street vendors and temporary workers. As of this writing, in 2017, about 1.7 billion people earn less than two dollars a day—535 million make less than one. [386]

According to the US Bureau of Labor Statistics, the average wage of an industrial worker in China in 2008 was 4 percent of the wage for the same labor in the US. In comparison to the EU, it was 3 percent. A Mexican laborer doing the same work received 16 percent of the average US wage. [387] Global differences in wages can also be illustrated by the production of particular goods, for example, an iPod. According to a study from 2009, forty-one thousand workers were involved in the production of iPods at the time. Twenty-seven thousand of them, mainly engaged in low-wage manufacturing, lived and worked outside of the US. The fourteen thousand jobs in the US were divided between CEOs, engineers, and people working in marketing and sales. Only 30 percent of the US jobs were classified as productive labor. The wages paid for them averaged US$47,640 per year. For employees working in marketing and sales, the amount was US$25,580. The average wage of CEOs and engineers was US$85,000. The Chinese workers received US$1,540 per year. That is US$30 a week or 3.2 percent of what an American worker earned for comparable labor. [388] These numbers tell us as much about the Apple microcosm as they do about the realities of neoliberal globalization.

We must not forget that there are countries where wages are lower than those in China, for example Cambodia, Vietnam, India, Nepal, and Bangladesh. Transnational corporations have moved much of the production of clothes and lighter industrial goods there. The production process is in the hands of local suppliers. This allows corporations to deny responsibility not only for starvation wages, but also for pollution, work accidents, and the repression of trade unions. In April 2013, 1,133 textile workers died in Bangladesh when the Rana Plaza building collapsed; it

housed several factories that produced clothes for many of the world's biggest brands.

A *New York Times* article from 2010 described the practices of the Hong Kong-based firm Li & Fung. Li & Fung facilitates outsourcing for corporations such as Walmart and Liz Claiborne, which, at the time, were moving their production increasingly to Bangladesh. In Bangladesh, three million women employed in the textile industry, most of them very young, worked ten hours a day, six days a week, for a wage of US$64 per month. The comparable wage in China was twice as high. The wages paid in Bangladesh are hardly sufficient to cover the reproduction costs of labor, which means that there is an enormous turnover in the workforce. Many simply cannot keep up with the demands of the job for more than a few years. [389]

Today's labor relations in the Global South are in many ways similar to the raw Manchester capitalism of the 1830s. Asia's electronics industry favors unmarried women as employees. Not having a family and related obligations means that they can work longer hours, up to sixty a week, and be paid less. After three or four years of drudgery at assembly lines and microscopes, their vision and their nervous system have become so impaired that they can no longer work with the speed and precision required. As a result, they are laid off (or, euphemistically, "marry and 'retire'" [390]) and a replacement is hired.

Productivity [391]

A common explanation for the wage differences between the Global North and the Global South is that workers in the Global South are less productive. There are even some authors who claim that workers in the North are more exploited than workers in the South. As the argument goes, only a small share of their working hours is necessary labor-time, that is, time required to cover the reproduction costs of their labor-power. The rest is surplus labor. In the Global South, a much greater share of the workers' hours goes into the reproduction of their labor-power, hence they are subject to less exploitation. The argument rests on a number of misconceptions, not least concerning the term "productivity" itself.

First, one has to distinguish between the *productivity* and the *intensity* of labor. Bourgeois economists focus on output per worker, either in the

form of the number of goods they produce or in the form of profit made from their labor. Whether the output can be increased by raising the prices of the goods produced, or by employing new technologies, or by making management more effective, is of secondary interest. Even Marxist economists often confuse productivity and intensity. They define productivity as the amount of goods finished during a certain period of time. This does not account for why there is a difference in the number of goods produced. Is it because of new technologies? Is it because the workers are required to work harder? Is there another reason? To bring more clarity to these issues, I offer the following definitions: *Intensity* relates to how labor is used; in other words, it concerns the relationship between labor-time and the amount of goods produced. *Productivity* relates to the technological means and the management of production. Both increases in intensity and in productivity create more *use-value* , but it is only the increase in intensity that also creates more *value* .

How much value do millions of workers in China contribute to the Dell computers and iPhones they produce? According to mainstream economists: very little. After all, the costs involved in assembling the products in China's factories make up only a small fraction of the sales price. However, if this is seemingly such an insignificant factor, why are millions of jobs being moved to the Global South each year? Capital goes where the value is. If this is not reflected in mainstream economic theory, that's a sign of flaws in those theories concerning the creation and exchange of value, and its transformation into price. Value is mistaken for price, and productivity defined as value added per working hour. If one accepts that logic, it may seem that Chinese workers add only little value to what they produce because they are paid very little. This, then, is interpreted as low productivity—apparently, it does not matter that they work twelve hours a day under strict supervision (they are usually prohibited from chatting with coworkers, etc.) in factories equipped with the latest technology. And as if this wasn't preposterous enough, there are even some economists who claim that moving production to the Global South has increased the productivity of labor in the Global North, even if workers in the Global North do exactly the same as they did before. [392] What is true is that the corporations they are employed by now receive more value added from their work.

Timothy Kerswell has studied productivity in the car and textile industries. His studies show that there is no correlation between high wages and high productivity. Internationally, the car industry in Mexico has the highest productivity, Slovakia comes second, productivity in Germany is the lowest. In the textile industry, both Brazil and Thailand have higher productivity than the US and Germany. Overall, in the industries studied by Kerswell, the labor force in the South was as productive, and in many cases more productive, than in the North. [393] This confirms that the global differences in wages cannot be explained by differences in productivity. Other factors are much more important: restrictions on the mobility of labor, an enormous reserve army of labor, and political power structures.

Migrant Laborers

Migrant laborers are a particularly vulnerable group of workers. They are often undocumented and prone to particularly extreme exploitation. The twenty-one million migrant workers in the Gulf States, most of whom come from Nepal, Bangladesh, and the Philippines, often have to borrow money from the agents who organize their jobs and transport. They are required to pay high interest rates, their travel documents are withheld, they are housed in barracks, prohibited to leave their workplaces, and often must wait months for their pitiful wages. They have received a fair amount of attention in connection with the 2022 Soccer World Cup planned in Qatar, as they are building practically all of the tournament's facilities. The horrendous conditions they are required to work under have been described in a series of articles in the *Guardian* . [394]

In relation to its population, Qatar has the highest number of migrant laborers in the world. They make up over 90 percent of the country's labor force. Qatar has recruited 1.5 million migrant workers to build stadiums, roads, ports, and hotels for the World Cup. Forty percent of them come from Nepal; more than one hundred thousand Nepalis arrived in Qatar in 2012 alone. They risk their lives at their jobs every day. Between June 4 and August 8, 2013, forty-four Nepali workers died in work-related accidents. Their wages are held back to prevent them from leaving their jobs, their passports are kept by their agents or employers, and their legal status in Qatar is no different from that of undocumented migrants. Out of desperation, at least thirty workers have sought refuge at the Nepali

embassy. In short, one of the world's richest countries is using some of the world's poorest people to prepare for a soccer tournament. The Nepali trade union leader Umesh Upadhyaya has described the situation very clearly: "Everyone is talking about the effect of Qatar's extreme heat on a few hundred footballers. But they are ignoring the hardships, blood and sweat of thousands of migrant workers, who will be building the World Cup stadiums in shifts that can last eight times the length of a football match." [395] The situation in the Gulf States resembles the apartheid system of South Africa: a minority of affluent and privileged citizens is being served by the poor and discriminated-against masses. It is also a mirror image of the global apartheid created by the capitalist world system.

There are two reasons why the word "apartheid" is not misplaced. First, the capitalist world system implies racial and national hierarchies as well as legal, physical, and sometimes violent restrictions imposed on the mobility of labor. Second, production and consumption are being divided along the same lines that divide the world into low-wage countries and high-wage countries. Citizenship in a country of the Global North is a reward, citizenship in a country of the Global South a punishment. The question of who is going to be rewarded and who is going to be punished is decided in a birth lottery. Of course, there are also differences between citizens in countries of the Global North: if you are born into a rich family, expect a generous inheritance, and have an influential social network, you will have few material problems in life. But due to working-class struggles and class compromise, there have been political interventions in the form of progressive taxation, access to education and health care, and so on, in order to reduce this inequality and promote social mobility. This is not happening in the Global South. Even a poor US citizen is relatively rich compared with a citizen of Mexico. For the latter, the fastest way to climb up the social ladder is to cross the border into the US—which, in many cases, entails a risk to one's life.

Historical and sociological research on inequality has often focused on the middle classes of the Global North, which make up 10–20 percent of the world's population. Within this group, wage differences started to decrease in the late nineteenth century; a trend that only stopped a couple of decades ago with the onset of neoliberalism. This decrease has masked the simultaneous increase of wage differences between this group and the rest of the world. According to the economist Branko Milanović, global

inequality was much lower in 1870 than it is today. In addition, class differences within nations, imperialist nations included, accounted for much of that inequality. The distribution of national income was an important factor, while the question of where someone was born was not particularly decisive as to whether a person would be rich or poor. Concerning the current situation, Milanović says that “it is much more important, globally speaking, whether you are lucky enough to be born in a rich country than whether the income class to which you belong in a rich country is high, medium or low.” [396]

Despite the shifts in the global division of labor during the last twenty years, the inequality in living conditions between Global North and Global South has not changed. The average per capita income in the Global South remains at 5 percent of the average per capita income in the G7 countries (the United States, Canada, Japan, the United Kingdom, Germany, France, and Italy). The world remains divided between those who can travel due to their wealth and those who are forced to stay at home due to their poverty .

FIGURE 4.
The Level and Composition of Global Inequality in 1870 and 2000
(Gini Decomposition)

Sources: Milanović (2011): 112; cf. Francois Bourguignon and Christian Morrison, “The Size Distribution of Income Among World Citizens, 1820-1990,” *American Economic Review,* September, 2002: 724–744; Branko Milanović, *Worlds Apart: Measuring International and Global Inequality* (Princeton: Princeton University Press, 2005): Fig. II.3.

International inequality does not receive the same political attention as national inequality. It is simply accepted that, generation after generation, collective wealth is transferred from the Global South to the Global North.

Global inequality is explained in historical and cultural terms. Our wealth is allegedly the result of entrepreneurship, diligence, and good values, while the poverty of the Global South is due to its people being stuck in primitive social structures. Economic and political explanations are largely ignored. They make us uncomfortable. To ease our conscience, our governments contribute about US$100 billion each year to development projects. Let us compare this with the US$20 billion that the investment firm Goldman Sachs pays its top employees in bonuses. [397] It is not surprising that nationality and citizenship have come to define the identity of First World workers as much as (or more than) their class affiliation. In the global class struggle, the global apartheid system serves as an effective weapon in the hands of the bourgeoisie, allowing it to maximize profits while dividing the workers.

chapter 6.

Unequal Exchange Revisited

The Happy Smiley and the Sad

THE NOTION OF UNEQUAL EXCHANGE IS not difficult to grasp, even if people know nothing about its theoretical background. After all, most people are aware of the fact that wages in China, Egypt, or Brazil are only a fraction of those in the US or EU. They also know that people in the Global North have the money to buy home electronics, clothes, shoes, coffee, and bananas in huge quantities because these goods are produced by cheap labor. In M-KA, we studied the data available for wages, productivity, investments, profits, and global trade in the early 1980s. We wondered why capital did not move industrial production to the Global South to take advantage of the region's low wages. We discussed this with Emmanuel, who cited a number of practical, technical, cultural, and political reasons. At the time, only big corporations had enough money and know-how for such an ambitious undertaking. Transport and communications posed much bigger obstacles than they do today. There was also political resistance by the working classes of the North. Trade unions still had the strength to resist neoliberal policies. This, however, would change.

In the 1970s, many dependency theorists thought that it would be impossible for the Third World to industrialize within the imperialist system. They believed that Third World countries would continue to supply raw materials, tropical agricultural products, and simple, labor-intensive industrial goods; their economies would remain dependent and they would forever constitute the periphery of the capitalist world system. Dependency theory could not foresee the massive industrialization of the periphery that we have witnessed in the last thirty years, because it assumed that a domestic market had to be developed before industrialization could become possible. It underestimated the productive forces that led to a globalization of the production process itself, to the industrialization of the Global South with the sole aim of exporting to the North. No one at the time could imagine the collapse of the Soviet Union or the integration of China into the world market. It seemed unthinkable that only a few decades later, 80

percent of the world's industrial proletariat would live and work in the Global South and that the Global North would be rapidly deindustrialized.

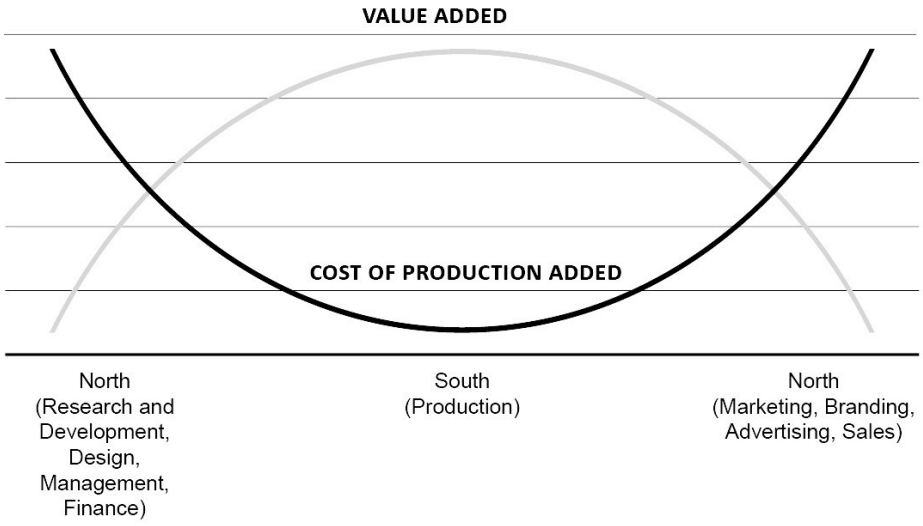
The export-oriented industrialization of the Global South and the creation of global chains of production have brought new forms of unequal exchange. These are more intricate than swapping raw materials for industrial products, which characterized unequal exchange until the end of the 1980s. Global chains of production make it possible to transfer value from workers in the South to corporations in the North. The theory of unequal exchange is not only a critique of economists who advocate liberal foreign trade but also of those who adhere to the neoliberal theory of price formation. It is able to describe the transformation of value into price in the new global division of labor.

In neoliberal economic theory, the formation of the market price, for example of a computer, is described as a chain, in which each step adds value to the product. The chain typically starts in the North, from where it heads South, before returning to the North and its consumers. A curve illustrating value added along this chain looks like a happy-face smiley. [398] In the beginning, when financing, management, development, and design are handled in the North, there is much value added; then there is little value added when workers in the South, for low wages, actually produce the product; and, finally, there is again much value added when the product returns to the North and requires branding and marketing to be sold. "Hot air" is one of the few products whose production has not yet been outsourced to Asia.

A characteristic feature of global chains of production is that they pass through very different labor markets. Suppliers and workers in the South operate in very competitive markets, and transnational corporations can choose between many rival companies. They themselves, however, often belong to monopolies. The outsourcing of production helps them to focus on branding, which cements that position. You can buy many different sneakers produced in China that do not carry the name of a well-known brand, but you can only buy Nike sneakers from Nike. Branding gives the product and its consumers an identity created by advertising. Let us use a concrete example to illustrate this: in 1998, Nike paid the basketball player Michael Jordan US$45 million to advertise Nike basketball shoes, an amount equal to the annual wage of thirty thousand Indonesian workers producing Nike shoes. [399] A global chain of production ensures that

practically all of the profits from that production go to Nike, Michael Jordan, and consumers in the Global North. The product itself does not dominate the market, the brand does. According to the happy smiley curve, the biggest part of the product's value is created in the North—but it is the difference of wages along the chain of production that shapes the curve .

FIGURE 5. How Wage Levels Influence Value and Price Formation in the Global Economy



If we apply Marx's theory, the curve of value added looks different. The transformation of value into price is a complex process and it can test one's faith in Marx's theory of value—but none of this has to do with faith. This complex process simply follows the laws of capitalism. The value of a specific product is based on the socially necessary labor required to produce it. The transfer and distribution of this value takes place in the sphere of circulation. Only in exchange does human labor become a measure of value. If you draw a curve for value added during the production of a computer following Marx's theory, it will look like a sad-face smiley, the exact opposite of the curve drawn by neoliberal economists. This does not mean that their curve is "wrong." It simply illustrates the creation of price, while the sad-face smiley illustrates the creation of value. Value and price are two different aspects of a product, but they are not independent from

one another. So why does a happy-face smiley illustrating the creation of price turn into a sad-face smiley when we look at the creation of value?

The Transformation of Value into Price

Even if there are many disagreements among economists of different stripes, they all seem to agree that production costs entail two main elements: *constant capital* (raw materials, machines, factories, etc.), and *variable capital* (including wages, but also royalties for patents, interest rates on loans, etc.). But what determines the price of everything needed? Here, economists begin to disagree. In mainstream economic theory, it is the market. Simply put, for mainstream economists, the prices of goods and services are determined by what consumers are willing to pay for them. If a product can be sold for a price that is higher than the production costs, someone makes a profit. In capitalism, if there is no profit to be made, there is no reason to produce. For Marxists, on the other hand, it is not the market that determines the price, but production. In Marxist economic theory, production costs (also referred to as the *cost price*) are the main factor in the transformation of value into price.

So, what determines production costs? To simply add up the costs of raw materials, wages, etc., is not an answer, because we want to understand *why* they cost what they cost. We know one thing: at the root of all that is required, including materials and infrastructure, lies human labor. Everything that is relevant to price formation can be traced back to the consumption of labor-power. But labor-power is a very peculiar commodity. Its price is only partly determined by its necessary reproduction, that is, costs for food, clothes, shelter, training, etc. It is also determined by politics, more specifically, by class struggle, both on the national and the international level. And politics cause huge variations in the price of labor.

Labor-power is also a peculiar commodity in another sense: it can produce greater value than it has itself. In other words, labor-power's use-value for capital consists of it being capable of adding more value to a product than the wage that is being paid for producing it. This extra value is what we call *surplus-value* . But questions of labor-power and surplus-value are not particularly important to capital. Capital understands that long and intensive working hours and low wages are sources of profit, but it cares little about labor-power as such. A sweatshop in Bangladesh does not

necessarily generate more profit than an automated electronics factory. It is not the raison d'être of capitalism to squeeze surplus-value out of workers. This is, under the given circumstances, simply a consequence of all that really matters to capital, namely to sell something for more than what it costs to make it. This is where profit comes from.

In Marxist theory, the relationship between constant and variable capital is called capital's *organic composition* . It is determined by the relationship between labor-power and the means of production in any given industry. Capital has a low organic composition if variable capital constitutes the larger part of total capital, such as in the textile industry. Capital has a high organic composition if constant capital constitutes the larger part of total capital, such as in the oil industry. What matters to the capitalist are the overall production costs, not the ratio between constant and variable capital. The profit rate depends on the total capital used for production, not its composition. The market price reflects the profit rate. Profit rates of capitals with different organic compositions tend to be similar. Capital can move from one industry to another if the latter promises higher profits.

From a Marxist perspective, some commodities are sold for less than their value and others for more. Price is not the same as value. Price determines the profit rate, but also the distribution of surplus-value, both between capital and labor (in the form of profits for the former and wages for the latter), and between factions of capital with different organic compositions (via the average rate of profit). The transformation of value into price is therefore highly dependent on the political relationship between capital and labor as well as between different factions of capital. The redistribution of value and surplus-value through market prices not only occurs between workers and factions of capital within a single country, but also globally, as a result of transnational movements of capital, trade, and production. Marx's theory about the transformation of value into price assumed an integrated market for goods, capital, and labor. Such markets tend to form a single price for a single good, balance out profit rates, and pay the same wage for the same kind of labor. This is what we see in the US, the EU, and Japan. The global market is different: it is an integrated market with respect to the movement of capital and goods, but not with respect to labor. Therefore, the wages paid for the same kind of labor can differ widely. This also applies to global chains of production. Depending

on where labor is done, its impact on the price of a product is very different. The surplus-value of labor in one part of the world (the Global South) raises profits and consumption in another part of the world (the Global North). The value added in the happy-face smiley's curve includes not only the value created by a company in its home country but also the value created elsewhere and usurped by capital via the price for which a commodity is sold on the market. Value added is in reality value captured. In short, the basis for the profits made by companies in the North is created in the South.

Value is not only redistributed from the South to the North via price. In a world where prices for most commodities are determined by a common world market price, while the prices for labor are not, there are different ways to redistribute value. The reason for labor in the Global South being much cheaper than labor in the Global North is not that labor in the South creates less value. The reason is that laborers in the South are more oppressed and exploited. The relatively high wages in the North allow workers to consume goods whose value is higher than what they themselves produce. In other words, value is transferred from the South to the North via the profits made from global chains of production and the relatively low prices for goods produced in the South. This is the essence of imperialism today.

In the preface to the first volume of *Capital* published in 1867, Marx announced his plans for four volumes: one on capitalist production, one on the circulation of capital, one on "the varied forms assumed by capital in the course of its development," and one on "the history of the theory." In a letter to Engels, dated July 31, 1865, Marx wrote that the volumes were to be considered as an "artistic whole." [400] If one only reads the first volume, one's impression might be that production is essential and circulation secondary. However, Marx was very clear about the relationship between production and circulation in the valorization of capital: "Capital cannot … arise from circulation, and it is equally impossible for it to arise apart from circulation. It must have its origin both in circulation and not in circulation." [401]

Labor creates value, and surplus labor creates surplus-value, but the transformation of value and surplus-value into price and profit materializes in circulation. This secures the ongoing accumulation of capital. If we limit the creation of value to production, value becomes an essence transferred from the minds and bodies of workers to the goods they produce. Value

then appears to be a physical and absolute quality, while, in reality, it is the result of social relationships. Exploitation occurs in all spheres of the capitalist economy, and is not limited by national borders. A global perspective on the transformation of value into price puts the superexploitation of labor in the Global South at the center of the Marxist theory of value.

Dark Value

The industrialization of the South and global chains of production have had a huge impact on the creation of value. This has increased the significance of unequal exchange. As John Smith states: "[T]he same declining terms of trade which robbed the global south of the value of their primary commodity exports are doing the same to their manufactured exports." [402] In the Global South, there has been an enormous growth in the export of manufactured goods, but the contribution to value added remains low. In the Global North, there has been a decline in the export of manufactured goods, but an increase in value added. [403]

The value transfer from low-wage countries to high-wage countries is not evaluated by mainstream economic theory. It is not expressed in the official statistics of GDPs and international trade. Even self-styled Marxists like Alex Callinicos and Sam Ashman have, based on official statistics, come to the conclusion that "the transnational corporations that dominate global capitalism tend to concentrate their investment (and trade) in the advanced economies—and indeed to a large extent in their own regions." [404] They have also argued that capitalism is not dependent on "predation on the global south," and that capital "continues to largely shun" the former colonies. However, a critical reading of the official statistics reveals that capital does not shun the Global South. The opposite is true: capital is increasingly dependent on the exploitation of its labor.

A country's GDP is supposed to indicate the value of what it produces, but what country can claim the value of an iPad or a Barbie doll produced in global chains of production? If the GDP indeed measured a country's production, then countries such as Liechtenstein with a GDP of US$89,400 per capita, Bermuda with US$85,000 per capita, and Luxembourg with US$102,000 per capita would be among the five most productive countries

in the world. China, with a GDP of US$15,400 per capita would be number 104, and Vietnam with a GDP of US$6,400 per capita number 161. [405]

The reason for the high GDPs of countries such as Bermuda and Liechtenstein is not that their populations work so hard and are so incredibly productive, but that these countries function as tax havens and provide offshore banking services. Simply put, they allow capital to grow. GDP figures are often criticized for disregarding both what are known as externalities (such as pollution and the exploitation of non-renewable resources) and reproductive labor (such as unwaged domestic work), but the single biggest problem with the figures is that the production of many goods is no longer confined to any one country.

This becomes more concrete if we look at the way in which the value of a good produced in a global chain of production is attributed to GDPs. Donald A. Clelland has studied the value transfer from the Global South to the Global North during the production and sale of Apple products. [406] In a one-year period from 2010 to 2011, Apple sold over one hundred million iPads. Apple does not own a single factory, being a prime example of a "fabless" company. Apple develops, designs, and sells its products but outsources production. Seven hundred forty-eight suppliers working for Apple form a global chain of production, 613 of them are based in Asia, and 351 in China alone, where the products are assembled. Meanwhile, Apple's copyright is fiercely protected; it is the corporation that has filed the highest number of patent-related lawsuits worldwide. [407]

In 2011, an iPad in a US store cost US$499. Apple's overall production costs for one iPad were US$275. This means that Apple made a profit of US$224 per item sold. That's 45 percent of the sales price. Out of the production costs of US$275, US$150 were paid for development, design, and marketing, US$92 for various components, and US$33 to Foxconn, which was responsible for the production in China. Foxconn itself paid roughly US$8 in wages to its workers. We can call the value added in this case the *bright value* , that is, the value that is visible in official statistics, calculations, and the happy smiley curve. [408] Only a fraction of the value created during the production of an iPad is reflected in China's GDP, however. The lion's share is counted as part of the GDP of the US.

If we took GDP figures at face value, we'd have to conclude that even though people in China work very hard, the *real* value of an iPad comes from US designers and advertisers. But even if you haven't read *Capital* , it

is obvious that the profits that Apple takes home are largely based on the low-wage labor used to manufacture its products. Only a special kind of economist can call the price that Apple adds to its products before selling them value *added* . As stated above, value *captured* is the much more accurate term. [409] As John Smith puts it: “Despite its claim to be a measure of product, GDP measures the results of transactions in the marketplace. Yet, nothing is produced in marketplaces, the world of exchange of money and titles of ownership. Production takes place elsewhere—behind high walls, on private property, in production processes.” For Smith, GDP has become “a veil concealing not just the extent but the very existence of North–South exploitation.” [410]

Based on a Marxist understanding of value, the global economy resembles an iceberg. Only a small fraction is visible above the surface, while most of it remains out of sight. An iceberg, however, is a solid block, while the global economy is a dynamic structure with value flowing from the bottom to the top. These streams take on two main forms: a visible one in the form of prices, and an invisible one in the form of underpaid labor, unpaid labor (in the reproductive sector), and ecological externalities. Donald A. Clelland uses the name “dark value” to identify the latter, a reference to the term “dark matter,” used by astrophysicists. In the same way that dark matter is required to explain the expansion of the universe, dark value is required to explain the expansion of capitalism.

According to Clelland, dark value is created in various ways. One example is the use of underpaid labor in production. Labor is underpaid when it is cheaper than the average market price. Clelland refers in this context to Emmanuel’s notion of unequal exchange. But dark value is also created in indirect ways; for example, one of the many reasons labor in the Global South is so cheap is because costs for the reproduction of labor-power are so low. Many industrial workers in the Global South are supported by an underpaid rural proletariat, peasants, and service workers in the informal sector who cook, clean, look after the children, etc. These groups constitute the lowest social layer in the production of dark value, making it possible for industrial laborers in the Global South to work for a dollar or two a day. If, in 2011, an iPad had been assembled by workers in the US, Apple would have paid US$178, not US$33. Add to this the production of parts, which cost Apple US$39 per item—had they been produced in the US, Apple would have paid US$186. [411]

The workers in the Global South who produce for Apple do not get their jobs because their productivity is lower than that of workers in the Global North. It is probably higher. The companies supplying Apple are leaders in their fields and use the most modern forms of management and technology. The intensity of labor expected from their workers would be unacceptable in the North. When, at a White House dinner in 2011, Barack Obama asked Apple's CEO, Steve Jobs, what it would take to bring the production of iPhones to the US, Jobs gave a candid answer: "Those jobs aren't coming back." [412]

The destruction of ecosystems is a consequence of industrial production. Companies like Apple can avoid related costs, so-called externalities, by moving production to places with weak environmental laws. For the production of an iPad, 12.2 kilograms of minerals and metals are needed, many of them rare ones. The production process requires 360 liters of water and releases 105 kilograms of greenhouse gases. The main ecological burden is borne by China and other Asian countries, not by consumers in the Global North. Donald A. Clelland has calculated that Apple saves about US$30 per iPad in environmental fees by producing in the Global South instead of in the US—and the US does not even have particularly strict environmental regulations for industrial production. [413]

Clelland concludes that the total dark value of an iPad, conservatively calculated, is no less than US$472. Producing it in the Global North would almost double the costs of production and therefore also the sales price. Without the dark value gained by production in Asia, Apple would sell less iPads and lose profits. But dark value does not just benefit transnational corporations: the lion's share is passed on to consumers in the Global North in the form of lower prices. In other words, consumers in the Global North benefit from the exploitation of workers in the Global South. For what they make in one hour of work, consumers in the Global North can buy goods whose production implies numerous hours of low-paid (or unpaid) labor, environmental destruction, and the exploitation of valuable raw materials. [414]

Dimensions of Unequal Exchange

In M-KA, we did not study the mechanisms of imperialism and value transfer from the South to the North for merely academic purposes. It was

important for us to understand why living conditions were so different around the world. Our political practice was directly linked to this. We believed that the liberation struggles in the South could throw the system into crisis, which would rekindle revolutionary movements everywhere.

Not many people have tried to calculate the overall value that has been transferred from the South to the North. Samir Amin spoke of US$22 billion in 1965, and of US$300 billion in 1980, but he didn't explain how he had reached those numbers. [415] Our own calculations in 1977 put the amount at US$312 billion. [416] Exact calculations are difficult to make. Statistics on wages and the size of the labor force in every country are notoriously unreliable. It is also hard to determine the exact relationship between wage, price, and productivity. For us, it was important not to exaggerate. We collected what data we could find on global wages, and we used the official numbers for countries in the Global South, although we knew that real wages were often much lower. Our calculations were very conservative. We reached the conclusion that the wage ratio between the South and the North was about 1:15. We also came up with an average global wage factor of 5.7 by comparing the differences in wages and the number of workers between South and North. This allowed us to put a number on a hypothetical *equal* exchange in international trade. [417] By comparing this number to the official numbers that resulted from *unequal* trade, we estimated the total value transferred. We discussed this approach with Emmanuel, while preparing an English edition of our book *Imperialism i dag* (released in English as *Unequal Exchange and the Prospects of Socialism* in 1986), and he had no major objections.

In the 1990s, the Canadian economist Gernot Köhler, who has a background in computer science and belongs to the world-systems school, calculated the amount of unequal exchange in a similar way, but using much more data. [418] Among other factors, he considered global differences in purchasing power. Positing unequal exchange at zero in 1865, Köhler concluded that the total value transferred by 1965 was US$19 billion, while it was US$300 billion by 1980 (which corresponded to Amin's estimation), and US$1,750 billion by 1995. The biggest losers in unequal exchange in 1995 were China, Mexico, and Indonesia. The biggest winners were the US, Japan, and Germany. [419]

Another scholar who has made important contributions regarding value transfer is Zak Cope. In his book *Divided World Divided Class* , he

used three different methods to estimate the overall amount of unequal exchange. In 2009, he put it at US$3,900 billion. If we add to this the superprofits made from investments in the South (US$2,600 billion), we reach a total of US$6,500 billion. [420] The enormous difference between Cope's calculation for 2009 (US$6,500 billion) and our calculation for 1977 (US$350 billion) is evidence of the impact that the industrialization of the South and a billion new proletarians have had.

If we follow Cope's numbers, then value transfer from the South to the North makes up about 16 percent of the OECD countries' combined GDPs. [421] This might not seem that much considering the enormous difference in living conditions, but we have to remember that the GDPs of the imperialist countries are inflated. They are largely based on unproductive labor, services, and management. We also have to consider the accumulated effect of unequal exchange, which has been characterizing world trade for centuries. Finally, unequal exchange has strong ripple effects. Earlier we mentioned capitalism's main problem: the imbalance between the production of goods and the purchasing power ensuring they can actually be sold. Capitalist crises always relate to overproduction—or the lack of markets, depending on the way you look at it. The constant value transfer from the South to the North ensures enough purchasing power in the North and therefore stable capitalist growth. At the same time, the development of stable national economies in the South is made impossible by the constant drain of value. Total purchasing power in Copenhagen, a city of one million people, is bigger than total purchasing power in Tanzania, a country of forty-six million. Unequal exchange does not just mean a value transfer of x billion dollars a year, but has been the requirement for capitalist growth in the Global North for a long time. And it is not the only way in which value is transferred from the South to the North; US$1.1 trillion were drained from developing economies in 2013 alone by tax evasion, corruption, and other white-collar crimes. [422]

With neoliberalism changing the global division of labor, the impact of unequal exchange has only grown stronger. This has been acknowledged by neither scholars nor politicians. Kunibert Raffer notes that unequal exchange has "virtually vanished from academic debates during the era of neo-liberalism." [423] This has changed somewhat in recent years, though, one of the reasons being the obvious need to explain the increasing appeal of right-wing populism among the working classes of the North.

Unequal Exchange and the Changing Dynamics of Capitalism

Unequal exchange and unequal development have the same basis, namely international wage differences. Value transferred by means of unequal exchange from the poor part of the world to the rich, has resulted in a low and a high rate of consumption, respectively. Foreign capital, which has been invested in the exploited countries for reasons of geology, climate, or cheap labor, is mainly interested in exports to the world market, i.e. the rich imperialist countries. Arghiri Emmanuel described how investments in the imperialist countries lead to development, whereas investments in the exploited countries lead to dependency:

> "Why is it that European capital in the United States and Australia, and United States capital in Canada, have benefitted these countries by developing their economies, whereas in the Third World they have played a harmful role by forming enclaves? An enclave merely means a foreign investment that refuses to participate in the country's process of expanded reproduction … .The Société Générale de Belgique installed the Union Minière in the Congo and Canadian Petrofina in Canada. The former exploits copper miners, the latter oil wells. When the investment has reached its maximum potential, Canada Petrofina uses its profits to establish a refinery: for this purpose it even increases its capital … Then the company interests itself in the distribution of oil products and buys a network of selling points. Next, it sets up a petrochemical industry, followed by a works to produce tank cars; and, after that, what? Perhaps a chain of department stores … In contrast to all this, the Union Minière du Katanga, once its program for equipping its copper mines is completed, ceases to expand and pays its dividends in money. It becomes an enclave. Why? … The simple fact is that in Canada the high standard of living of the people, resulting from the high wage level, constitutes a market for all sorts of products, whereas wages and standards of living in the Congo are such that there is nothing there to interest any fairly large-scale capitalist—nothing except the extraction of minerals or the production of certain raw materials for export that have inevitably to be sought where they are to be found." [424]

It is a vicious circle. Through unequal exchange and the export of the bulk of profits to the imperialist countries, the exploited countries were deprived of the conditions for dynamic capitalist development. The more limited the investments are, the higher the rate of unemployment and the higher the downwards pressure on wages. Which implies a further reduction of the market, leading to even more reduced possibilities of attracting capital.

On the other hand, the high wage level in the imperialist countries implies a comparatively high rate of consumption and therefore a large market with considerable purchasing power. This attracts capital, and a development of the productive forces follows.

This polarizing dynamic led the dependency theorists of the 1970s to conclude that the industrialization of the Third World was impossible within the imperialist system. They assumed that a domestic market had to be developed before industrialization could occur. They underestimated the development of the productive forces that made the globalization of production and consumption possible: the industrialization of the Global South with the primary aim of exporting to the North.

The export-oriented industrialization of the Global South and the global chains of production have brought new forms of unequal exchange. These are more intricate than swapping raw materials for industrial products, which characterized unequal exchange until the end of the 1980s. The global chains of production make it possible to transfer value from workers in the South to corporations and consumers in the North via the formation of prices. So on the one hand there is an ongoing transfer of value and therefore a tendency towards polarization, and on the other hand we are seeing an unprecedented development of productive forces in the Global South. It may seem like the prophesy in the *Communist Manifesto* , that England “creates a world after its own image,” is finally coming true. However, the “image” of industrialization in the South is not a simple reflection of the industrialization of England, but a distorted mirror image. The industrialization of the South is not based on a home market, as was the case in the center, but is part of a new global division of labor in which the South is becoming the factory of the world.

Meanwhile, US hegemony is declining, and for the first time in the history of capitalism, a peripheral country has risen to be the largest economy in the system, aspiring to take center stage politically within the world system.

This is a radical break from former patterns of capitalist development. We now see the realization of Marx and Engels' prophesies from the mid-1800s, of a global capitalist crisis. Maybe Engels' "Hangman" will not have to wait too much longer.

Producer Economies and Consumer Economies

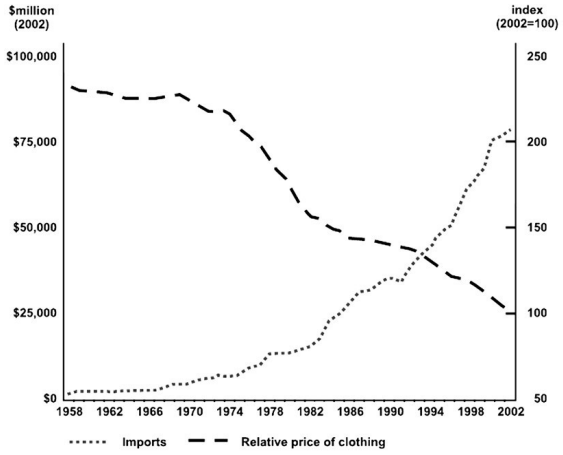
As we have seen, the new global division of labor, global chains of production, and ongoing unequal exchange have created a division of the world into *producer economies* (in the Global South) and *consumer economies* (in the Global North). This is not surprising. Capitalists always try to identify where they can produce most cheaply and sell most expensively.

Consumption is the final event in the life of a commodity: a hamburger is eaten at McDonald's, a shirt is bought in a boutique, and so forth. Trade changes property rights, but it does not create any value. Neither do other sectors of unproductive labor, such as insurance, marketing, security, and management. But these sectors make up a huge part of the GDPs in the Global North, both in relative and in absolute numbers. This is why we speak of "post-industrial societies," "information societies," and "experience economies." The growth of these sectors, however, rests on value created by productive labor. For example, most of the information and entertainment we consume is consumed on physical devices produced in the Global South.

With production having become incredibly mobile, national workforces across the globe compete with one another. At the same time, there is less global competition between workers in service industries, because the provision of services is less mobile than industrial production. You cannot outsource local transport, cleaning, or cooking. But you can import cheaper labor—which is happening more and more. Yet, even the cheapest labor in the Global North will be better paid than almost any labor in the Global South. In 2002, the sales figures of Walmart for the first time topped those of General Motors. A supermarket chain replaced an automobile giant as the USA's biggest corporation. This happened at a time when wages in the US and Europe were stagnant and unemployment was rising. How could consumption increase under such conditions? The answer is simple: prices for imported goods went down. Figure 6 below shows that

the consumption of clothes and shoes in the US doubled when import prices were cut in half .

FIGURE 6. US Real Clothing Imports and an
Index of the Relative Price of Clothing, 1958–2002



Source: For the core Consumer Price Index (excluding food and energy) and the clothing price index: US Bureau of Labour Statistics. For imports of clothing: US Census Bureau, US International Trade in Goods and Services, various years.

Note: Data include both clothing and footwear.

Timothy Kerswell has illustrated this development by comparing the situation in the US with that of China. He chose these two countries because of their importance for the global economy, but also because they engage in so much trade. With respect to the countries' labor forces, Kerswell relied on national labor market statistics. He concluded that 66.8 percent of China's labor force belong to the productive sector, while 33.2 percent work in sales, services, and transport (the so-called tertiary sector, or what we could call the consumptive sector). In the US, it is almost the exact opposite: 27 percent work in the productive sector and 73 percent in the consumptive sector. [425] In short, China is a producer economy and the US is a consumer economy.

There are two possible explanations for how a country can have a strong economy when 73 percent of its labor force works in the unproductive sector. Either the 27 percent working in the productive sector create enough value for the entire nation to prosper—or value is created elsewhere. In 2010, the US had a trade deficit of US$497 billion. Imports

from China exceeded exports to China by US$365 billion. This confirms that value must be being transferred to the US via the import of Chinese goods, but none of this value is visible in trade statistics or GDPs. It is included, and hidden, in the price that the goods are sold for. If the 27 percent of US workers involved in industrial production were able to create enough value to sustain national economic growth, there would be no reason to import all those goods from China. How the hidden value transferred to the US and other countries in the Global North is divided between capital and labor there depends on power-sharing agreements reached by class compromise.

The economic division of the world has created mutual dependence between capital and labor in the Global North. Capital is dependent on workers in the Global North having strong purchasing power. At the same time, the workers are dependent on capital to maintain their standard of living. In the export-oriented countries of the Global South, both capital and the state are dependent on consumption in the North. Those who pay the price for this state of affairs are the workers of the Global South. Not only are they exploited by the capitalists of their own countries but also by transnational corporations and the consumers of the North.

Ecological Sustainability and Unequal Exchange

Consumer societies are not only an expression of economic inequality. They also pose a serious threat to the world ecosystem. In other words, unequal exchange is not only an economic problem but also an environmental one.

In Western thought, humans and nature have often been seen as opposites. In the seventeenth century, Thomas Hobbes argued that it was humankind's destiny to conquer, domesticate, and control nature in order to ensure its own survival. Capitalism is an extension of this logic: it positions humankind against nature and makes sure that the former dominates and exploits the latter. Five hundred years of capitalism have put so much pressure on non-renewable resources and natural habitats that we are now facing the consequences in the form of climate change and the pollution of land, air, and water. Marx and Engels were well aware of this problem:

> "Let us not, however, flatter ourselves overmuch on account of our human victories over nature. For each such victory nature takes its

> revenge on us. Each victory, it is true, in the first place brings about the results we expected, but in the second and third places it has quite different, unforeseen effects which only too often cancel out the first. … Thus at every step we are reminded that we by no means rule over nature like a conqueror over a foreign people, like someone standing outside nature—but that we, with flesh, blood, and brain, belong to nature, and exist in its midst, and that all our mastery of it consists in the fact that we have the advantage over all other creatures of being able to learn its laws and apply them correctly." [426]

However, neither later Marxist theory nor actually existing socialism took this warning seriously. Marxists and the leaders of the state socialist countries were preoccupied with economic and social realities. Nature was of little concern. Ecological sustainability was absent from theories of imperialism in the 1970s. I feel embarrassed today when I remember my reaction to a comrade who raised the issue while we were packing clothes for African liberation movements: "A hole in the ozone layer? You must be reading too many comic books." If Marxists acknowledged the problem at all, they saw it as a problem of capitalist societies. Under actually existing socialism, it did not exist. Arghiri Emmanuel, however, was aware of it. He noted that First World citizens were able to mindlessly consume the globe's resources and throw out the trash only because the rest of the world could not. [427] Emmanuel thereby tentatively linked Marxist economic theory to environmentalism—a step in the right direction.

A simple exercise to confirm the ecological dimension of unequal exchange is to take a look around your apartment. You could begin by opening your fridge. If you don't have one, you probably live in the Global South. If you do have one, the contents will reveal the result of an economic system whose commodities end up wherever people have the money to consume them. Most other things in your apartment will also confirm this. The richest 20 percent of the world consume eighty-nine times more paper, use thirty-five times more power, and release twenty-two times more carbon dioxide than the poorest 20 percent. In 1993, North America's energy consumption was thirty times that of India, and sixty times that of sub-Saharan Africa. [428]

Some theorists have related the notion of unequal exchange to ecological devastation. They have analyzed the natural resources required

in industrial production in the Global South. Stephen G. Bunker has written about the Amazon region. He compares a “mode of extraction” to a mode of production, and has reached the conclusion that “the unbalanced flows of energy and matter from extractive peripheries to the productive core provide better measures of unequal exchange in a world economic system than do flows of commodities measured in labor or prices.” He adds that “the fundamental values in lumber, in minerals, oil, fish, and so forth, are predominantly in the good itself rather than in the labor incorporated in it.” [429]

Bunker is of the opinion that the extraction of natural resources—whether by mining, drilling, harvesting, or cutting trees—is a crucial factor for understanding unequal exchange, since energy and matter are contained in all goods. However, while the difference in the usage of biomass is a material expression of the difference between rich and poor, it does not explain the mechanisms that create that difference. Wages do. For the German economist Jürgen Lipke, the ecological aspects of unequal exchange are better understood as a complement to the economic ones. Unequal exchange creates patterns of consumption that have ecological consequences. [430]

Environmentalists speak of “natural capital,” referring to a region’s capacity to sustain economic activity. To be sustainable a society cannot exhaust its natural capital but must live off its interest (so to speak). In simple terms, people must leave resources behind just as they received them. Analysts have measured the natural capital we are using by calculating the area necessary to sustain one human life. The world average is 2.85 hectares per person. This is 30 percent higher than what is considered sustainable, namely 2.18 hectares per person. Residents of OECD countries require 7.22 hectares on average, which is four times as much as what residents of non-OECD countries require. The bottom line: we (citizens of the Global North) are wearing out the planet. [431]

Globalization has eradicated any natural limits on the exploitation of resources, since the people responsible won’t suffer the consequences (at least not right away). Not only do we receive cheap goods from China, we are also destroying China’s environment. But who cares? I live in a city in the Global North, Copenhagen, which aims to become carbon-neutral by the year 2025. It is quite likely that this will be achieved, but doing so will only be possible because we won’t have to deal with the consequences of

our consumption. If the carbon emissions from the production of the goods consumed by Copenhagen's residents were counted in the city's carbon emissions, it would be utterly impossible for us to become carbon-neutral.

Overconsumption and the destruction of the planet lead to increased economic, political, and military competition over natural resources. Wealth and unequal exchange combined with political and military power allow OECD countries to import and consume natural capital far beyond their own. The global market obliges the poor countries to surrender their natural capital and pursue non-sustainable economic development in order to satisfy the demands of consumers in the Global North.

Jürgen Lipke confirms that the underdevelopment of the Global South has political causes. Neoliberalism, with its structural adjustment programs, free trade, and the mobility of capital, is only interested in growth and accumulation. The social implications of how goods are distributed are of as little interest as their ecological sustainability. The consequence is that we are not only confronted with an increasing divide between rich and poor, but also with a dying planet.

What makes the ecological dimension of unequal exchange different from the economic ones is that the borders between the countries that benefit and those that suffer can't be drawn as clearly. Many environmental problems are global problems; they aren't confined to individual countries, and they cannot be solved by them. Pollution in China can already be detected on the west coast of the United States; neither the pollution of our air and oceans nor climate change respect national borders.

The exponential growth that characterizes capitalism resembles cancer. Sustainability is impossible within a capitalist framework. Competition between countries hoping to attract foreign investment means ecological concerns are pushed to the side. Capital has always looked to externalize the costs of pollution; paying for them would threaten profits and accumulation. In the coming decades, lack of raw materials and clean water and other ecological shortages will have enormous consequences for our societies, yet hardly anything is being done politically to prevent this. If anything, politicians do their utmost to sabotage such efforts. The notion of *resilience* has replaced that of sustainability. In this context, "resilience" simply means being able to make it through catastrophes, not avert them. But is that even possible? Our survival depends on entirely new approaches to growth, consumption, and the relationship between humankind and

nature. This requires new values as well as a critical investigation of capitalist production. At a minimum, we need some kind of “lifeboat socialism,” in which the fair allocation and balanced use of resources will replace individual consumption as the main principle of production and distribution. This is inevitable, and a new world order is quite likely to follow.

chapter 7.

The Global Class Divide

A Divided World—A Divided Working Class

IN THE LAST ONE HUNDRED YEARS, living conditions have significantly improved for the richest 20 percent of the world's population, almost all of whom live in the Global North. This cannot be said for the other 80 percent. Even in the Global North, there is a big difference between the top 5 percent and the rest. Between 1945 and 1975, the gap within the Global North was closing, but since the onset of neoliberalism it has been widening again. The gap between the North and the South has been growing constantly. In 2015, the 20 richest percent of the world's population owned 94.5 percent of the world's wealth. [432] The richest 1 percent owned 48 percent. At the time of this writing, they have probably surpassed the 50 percent mark.

The inequality in living conditions is caused by class and expressed in our political system. One of the main goals of this book is to investigate the possibilities for working-class resistance against globalized capital. I have argued that there exists a division in the global working class between a global proletariat and a labor aristocracy in the imperialist countries, or, perhaps more precisely, a consumer aristocracy. Now, let us look more closely at class society.

The term "class" is used to group together people with the same economic status. The two main classes in capitalism are the bourgeoisie, which owns the means of production, and the proletariat, which sells its labor-power. These two classes oppose each other, but are also dependent on one another: to make a profit, capital needs labor. This gives workers a certain leverage within the capitalist system, since they can refuse to work and go on strike. Most importantly, however, in the capitalist system, the workers rely on capital to make a living.

With capitalist production being globalized, the need for the working class to unite across national borders is greater than ever. Capital's increasing mobility has changed the power dynamics between capital and labor dramatically to the advantage of capital. Capital can move production where the labor force is most cooperative and the profits greatest. There is

fierce competition within the global working class, and workers are often more likely to accept poor wages and working conditions in order to get a job than to fight for the interests of the class. Only global solidarity among workers can change this. Capital relies on its power to pit national working classes against each other. To undermine this strategy is of critical importance for any viable project of resistance.

Orthodox Marxism is based on a strict distinction between the two main classes, the bourgeoisie and the proletariat, as it was laid out in *The Communist Manifesto* . Even *Empire* , the influential book by Michael Hardt and Toni Negri, published in the year 2000, still followed this pattern, even if the authors use the terms “empire” and “multitude.” A recent variation on this binary distinction was the Occupy Wall Street slogan, “We are the 99 percent.”

At the time when Karl Marx and Friedrich Engels wrote *The Communist Manifesto* , the distinction between a bourgeoisie which owned capital and a proletariat which had only its labor-power to sell was more clearly pronounced than it is today. According to Marx, the price for labor (the wage) is determined by two factors: the costs for reproducing labor-power, and what he calls the “historical and moral element.”

The costs for reproducing labor-power are essentially the costs necessary to keep laborers healthy enough to come to work and raise new generations of laborers. They consist of costs for food, shelter, and daily necessities. When a wage only covers the most basic costs of reproduction, we speak of a subsistence wage. In 1848, all wages were subsistence wages, whether in Europe, India, or China. Since then, wages in Europe and the European settler states have undergone dramatic changes, a fact that has often been neglected by Marxists, who claimed that as long as people did not own any means of production, they belonged to the proletariat and were being exploited. End of story.

However, only twenty years after the publication of *The Communist Manifesto* and its famous claim that the workers had “nothing to lose but their chains,” [433] Marx had the following to say about subsistence wages:

> “On the other hand, the number and extent of his [the laboring individual’s] so-called necessary wants, as also the modes of satisfying them, are themselves the product of historical development, and depend therefore to a great extent on the degree of civilisation of a

> country, more particularly on the conditions under which, and consequently on the habits and degree of comfort in which, the class of free labourers has been formed. In contradistinction therefore to the case of other commodities, there enters into the determination of the value of labour-power a historical and moral element. Nevertheless, in a given country, at a given period, the average quantity of the means of subsistence necessary for the labourer is practically known." [434]

Marx wrote this at a time when wages in England were slowly rising above subsistence level. Marx needed to take this change into account. This was the beginning of global wages developing very differently. When Marx brings a "historical and moral element" into the equation, he makes it possible to explain what we see today: a consumer society that has redefined the value of labor-power. The lower boundary of the wage is defined by the subsistence level; the upper boundary, however, is undefined. Marx writes:

> "The value of labour-power is determined, as in the case of every other commodity, by the labourtime necessary for the production, and consequently also the reproduction, of this special article. … [I]n other words, the value of labour-power is the value of the means of subsistence necessary for the maintenance of the labourer. … [A] definite quantity of human muscle, nerve, brain, etc., is wasted, and these require to be restored. … [H]e must again be able to repeat the same process in the same conditions as regards health and strength. His means of subsistence must therefore be sufficient to maintain him in his normal state as a labouring individual. His natural wants, such as food, clothing, fuel, and housing, vary according to the climatic and other physical conditions of his country." [435]

Once wages rise above the subsistence level, the formerly clear distinction between bourgeoisie and proletariat becomes much less obvious. Workers now receive money that can potentially be turned into capital, or used to acquire means of production. Whether they do this or whether they use the extra money for consumption is their personal choice. They can buy consumer goods, they can buy stocks in a company, they can even start their own company. Whatever they do, they have a chance to accumulate money, and they have access to credit.

To regard everyone who does not own means of production and who sells their labor-power as a proletarian is insufficient if we want to understand social relationships and related power dynamics. In 2006, football players in the English Premier League earned £676,000 on average, plus bonuses. [436] This is, of course, an extreme example, but it reflects a pattern: in capitalism, administrators, managers, academics, and so forth, are all wage laborers, yet they all consume more value than they create. Where we draw the line between those who consume less value than they create and those who consume more value than they create, is not a moral question, it is a mathematical question. The point being: receiving a wage is not enough to define a person's economic status in any meaningful way. Perhaps most importantly: wage levels impact political consciousness.

When *The Communist Manifesto* was written in 1848, the call for "workers of the world" to unite did not appear utopian. It does today, if we consider both historical and contemporary realities. Is there really *one* working class united by exploitation?

Two things are of particular importance for the division of the global working class. First, capitalism developed within the framework of the modern nation state. Second, capitalism is historically related to imperialism. Nationalism became national chauvinism, and loyalty to one's nation became more important than loyalty to one's class. National chauvinism implies feelings of superiority and hatred for everyone and everything considered foreign. Imperialism implies racism.

The division of the global working class is rooted in imperialism's history. It is maintained by the limited mobility of workers, and by the division of the world into producer countries and consumer countries. The proletariat of the Global South has an objective interest in bringing fundamental change to the system; the workers of the Global North have an objective interest in preserving the system. This is a practically insurmountable barrier to global working-class unity.

To uphold the notion of two major classes, the bourgeoisie and the proletariat, and to apply this globally, masks the enormous differences that exist between workers. This makes it impossible to understand that their interests (at least their short-term interests) are also enormously different. Only when we acknowledge these differences can we develop strategies that help us overcome the difficulties for working-class unity created by imperialism.

Proletarians in the Global South

The proletariat of the Global South has become an integral part of the world capitalist system. In three decades, it has grown by 63 percent, and about 80 percent of the world's working population today lives in the Global South. One point six billion are wage-laborers and another billion work in agriculture and the so-called informal sector. [437] In China, India, the former Soviet Union, and Eastern Europe alone, there are 1.5 billion proletarians who now serve global capitalism.

An important feature of the industrialization of the South is the increased inclusion of women within the paid workforce. Women make up one third of all workers in the formal sector—half in Asian countries. Women are often employed in the most mobile industries, such as the textile industry, and their wages tend to be the lowest. They are at the bottom end of the labor hierarchy. They often enter the labor market to help support their families, since one wage is rarely enough for a family to survive. Even in countries where patriarchal structures have historically tied them to their homes, poverty pushes them onto the labor market. Many work in the informal sector, which in a country such as India makes up more than 80 percent of the total workforce. It includes servants, domestic workers, nannies, and street vendors, women assembling products at home and janitors who look after factories. They don't pay taxes and are not part of organized labor, there is no minimum wage in the informal sector, and no legal protections—wages are paid irregularly or not at all.

The global chains of production reach far into the informal sector, and its workers constitute an essential part of the global economy.

The informal sector is a gift for capital. Wages are low and there is plenty of flexibility, people can be hired and fired at will. If the market changes, it is always the workers who pay the price, never capital. The informal sector also constitutes a vast reserve army of labor with respect to the formal sector, where capital uses it as a disciplining tool, demanding flexibility even there. There is strong competition between workers in the formal and the informal sector. Last but not least, the informal sector helps keep wages low, as it ensures that the reproduction of labor-power remains cheap.

Peasants in the Global South

The extent to which the industrialization and proletarianization of the Global South has entailed the disappearance of the peasantry should not be exaggerated. Even if the number of peasants is declining, agriculture remains the main source of income for the world's rural population. In 2005, 46 percent of the world's people were still living in rural areas. In Asian countries such as India, China, Bangladesh, Indonesia, and Pakistan, the percentage is even higher. Agricultural production also remains an important part of the imperialist system. Coffee, tea, sugar, cacao, soy beans, meats, fruits, and vegetables are produced by peasants in the South for consumers in the North. Land ownership is a big political issue.

It is difficult to make general statements about the living conditions of peasants in the Global South, as they are very different in Asia, Latin America, and Africa. In some places, we still find bondage and semi-feudal forms of production. In others, subsistence farming dominates, with surplus produce sold on local and regional markets for extra income. Many farmers also supplement their income by additional labor, mainly in the informal sector.

Many peasants pay leases and are often dependent on loans for cash. This is one of the principal mechanisms through which they are exploited. Traders grant peasants loans with high interest rates at the beginning of the farming season on condition that they will sell them their produce well below the market price. This practice means that farmers are indebted year after year. They are also dependent on traders linked to the capitalist market who supply seeds, fertilizer, and water for irrigation. A new rural proletariat has emerged, since an increasing number of industrialized farms employ peasants as laborers, but work is only available a few months every year, during the planting and harvesting seasons. Rural proletarians are forced to move constantly to find jobs, and often must contend with hostile social and cultural conditions—the caste system in India, for example.

The New Middle Class of the Global South

In recent years, both academics and journalists have written much about the so-called new middle class of the Global South, created by the process of industrialization. However, the term "middle class" should be taken with a pinch of salt. We are not talking about families with an SUV and two dogs in a suburban home. According to the World Bank, you belong to the

middle class of the Global South if you earn US$2 to US$13 a day. Only if you earn less than US$2, are you considered poor. [438] In 2005, about half of the Global South's population was middle class, according to such standards—in China, it was two thirds. In sub-Saharan Africa, on the other hand, it was only one in four.

The economist Nancy Birdsall, who worked for the World Bank Group for many years, counts only people who earn at least US$10 a day as part of the Global South's middle class. If we accept her standard, then only 3 percent of China's urban population, and only 1 percent of its rural population, are middle class. In South Africa, it would put the middle class at 8 percent of the population, in Brazil at 19, and in Mexico at 28. If the same standard was used for the US, the middle class would be 91 percent of the population. [439]

There does exist a middle class in the Global South that resembles the middle classes of the North. The ritzy shopping malls of Shanghai, New Delhi, or Jakarta attest to this. But this middle class cannot be measured in percentage points, only in fractions of a percent. The reason it has become visible in a country like China is because of China's huge population. There are as many as three hundred thousand US dollar millionaires in China today. The country has become a very lucrative market for companies like BMW. We also meet the new middle classes of China and India as tourists all over the world. But none of this means that the masses in these countries are on their way to a European lifestyle. First and foremost, the industrialization of the Global South has created a new proletariat, not a new middle class.

What is true is that there has been a certain shift among the richest 20 percent of the world's population. The top 1 percent includes billionaires from China, India, Saudi Arabia, the smaller Gulf States, Brazil, and Mexico. The other 19 percent include some of the new middle class of the Global South. What is most striking, however, is that the richest 20 percent move further and further away from the poorest 80 percent.

There are also highly qualified workers from the Global South moving North, usually working in IT and related industries. It is comparatively easy for them to find employment and residency in the Global North where they can earn wages that are many times higher than what they would receive in the Global South. Sometimes, they even qualify for tax exemptions. There is a tendency to call these workers "expats," rather than "migrants," to

underscore their respectability. Their importance for the societies of the Global South consists both in keeping the notion of upward mobility alive, and in the money they are able to send back home.

Workers in the Global North with More than Chains to Lose

For Marx and Engels, the labor aristocracy, consisting of skilled laborers, was the working class's top tier, but its privileges were dependent on economic booms. For Lenin, the labor aristocracy was more permanent, being a section of workers who had become bourgeoisified. Something we have to consider today is that the differences in wages and living conditions have increased significantly. The gap in wealth between the Global North and the Global South has widened from 1:1.3 in 1800 to 1:40 today. [440]

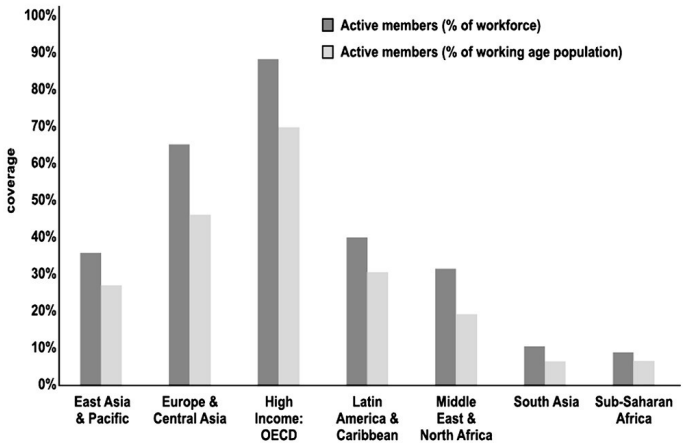
Several factors tie the interests of the working classes of the North to global capital. The transnational corporations' superprofits made from investments in the Global South allow them to pay relatively high wages in the Global North, providing workers there with significant purchasing power. The wages are also high enough to fund an extensive welfare system via taxation (although there are huge differences between, say, the USA and the Scandinavian countries). At the same time, the low wages of the Global South keep prices for goods produced there relatively low. Workers in the Global North benefit from this to the point where they can invest parts of their income into buying their own homes. This makes them concerned about things like the real estate market, interest rates, property taxes, and so on. These are not traditional proletarian concerns.

Another factor that links the working classes of the Global North to global capital is the pension system. Pension systems vary greatly from country to country, and also from industry to industry, but there are some common features. Pension funds and private pensions have become increasingly common. This means that pensions are based on investments in stocks, bonds, and other securities, even real estate speculation. The days when the state alone was responsible for workers' pensions are long gone.

If we look at pensions globally, it is not surprising that there is considerable variation. This corresponds to the variation in wages. Figure 7 below illustrates this. OECD countries have the highest pension coverage and the highest pension expenditures in the world. [441] In most cases, coverage is above 90 percent, the uncovered population consisting of self-

employed professionals, part-time workers, and the unemployed. The former Soviet republics and the countries of Eastern Europe have experienced a serious decline in coverage since joining the global capitalist market. We find the lowest coverage, less than 10 percent of the working population, in South Asia and sub-Saharan Africa .

FIGURE 7. Pension Coverage by Region, 2012



Source: Romero-Robayo, Palacios, Pallares-Miralles, and Whitehouse (2012), "World Bank Pension Indicators and Database." Washington, DC: World Bank, 2012: 81.

In the US, the first citizens to receive public pensions were veterans of the War of Independence. The system was expanded after the Civil War, once again to provide former soldiers with economic support. In the late nineteenth century, some federal states and local governments introduced their own pension systems. In 1919, about 15 percent of the US working population were covered. After World War II, pension plans in the private sector grew rapidly. In 1950, 9.8 million private-sector workers where covered; by 1999, 40.1 million were covered by defined benefit plans and 60.4 million by defined contribution plans. By 2013, the number participating in pension plans was 130.6 million. In June 2014, the United States had US$24.5 trillion in retirement and pension assets (US$15.5 trillion in private funds, US$9 trillion in public funds). [442] On a regional basis, North America's pension funds represented the largest asset base at a

global level, having reached US$27.21 trillion in 2014, up from US$15.8 trillion in 2008. [443]

Payments for future pensions become pension funds, which are co-administered by capital and labor. The sums are huge. In North America, approximately 30 percent of financial capital consists of pension funds. In Western Europe, it is 40 percent. [444] Pension funds are especially important to the stock market where large institutional investors dominate. They are the top category of investments worldwide, ahead of mutual funds, insurance companies, currency reserves, sovereign wealth funds, hedge funds, and private equity. In 2014, pension funds allocated 44 percent of their total portfolio to equities, 28 percent to bonds, 26 percent to alternatives, and 2 percent to money market products. The Japanese Government Pension Investment Fund is the world's largest public pension fund, overseeing US$1.5 trillion.

If we look at the top three hundred pension fund assets between 2009 and 2014, and split them by fund domicile, we find that the US and Japan own half of the world's retirement wealth, the US 38 percent, and Japan 12 percent. Next is the Netherlands: with a population of only seventeen million people (0.23 percent of the global population), the country holds 7 percent of pension assets. Norway and Canada follow close behind with 6 percent each. [445] In North America, pension funds' overseas investments represented 16 percent of the region's total portfolio in 2008, reaching 21 percent in 2014. In Europe, the average percentage of pension fund portfolios allocated to foreign markets increased from 32 percent in 2008 to 34 percent in 2014. [446]

We can conclude from this brief survey of the pension system that many workers in the Global North have invested heavily in stocks and bonds via their retirement accounts. In other words, their well-being in retirement is directly linked to the well-being of capitalism. They have much more to lose than their chains. Large parts of the population of the Global North will live as pensioners off their own capital. The concept of the parasite state is far from obsolete.

The Labor Aristocracy Today

The wages of the labor aristocracy (consumer aristocracy) are way above the subsistence level that once defined workers' wages in the Global North.

This means that their wages are also well beyond the average value created by a worker in the world today. To be in the top 20 percent of the global division of income in 2010, a person had to earn US$1,830 a year. [447] Almost everyone living in an OECD country does that. This makes the entire working classes of Western Europe, North America, Japan, Australia, and New Zealand part of the labor aristocracy. The global division of labor has consolidated the labor aristocracy in the Global North. The countries of the Global North form a consumer market with enormous purchasing power, ensuring that the production of goods can constantly increase and that they can still be sold at a profit. The purchasing power of consumers in the Global North wards off the danger of overproduction.

The labor aristocracy has also created political stability. The revolutionary workers' movement disappeared from Europe in the 1920s. Social democracy won. This implied security for capital's long-term investments and guaranteed the labor aristocracy's loyalty during imperialist wars. National interests had become more important than class-based internationalism.

When you grow up in the Global North you aren't told that the standard of living you enjoy is the result of imperialist oppression and exploitation. You are told that it is the result of liberal capitalism and parliamentary democracy. Indeed, this narrative is very powerful around the world. It contributed to the downfall of actually existing socialism and was one of the factors that inspired the Arab Spring. It sparks the hope that with capitalism and democracy there comes economic and social wellbeing.

During the twentieth century, the labor aristocracy grew from being a minority of skilled workers in key industries, to eventually including a majority of First World workers. Between the 1920s and 1970s, social democratic politicians and trade union leaders made sure that the working classes of the Global North occupied an important place in the welfare state. Today, the old industrial working class has come under pressure due to neoliberal globalization, but wage levels in the Global North have basically remained the same, and at least the core of the welfare state has remained in place. But neoliberal globalization has also created a new subsection within the working class, the so-called precariat: workers, often migrants, engaged in low-wage, insecure labor, even in the North. The division of the population resembles an hourglass: on the one side, there are those who benefit from the new global division of labor; and, on the other side, there

are those who are paying for the outsourcing of industrial jobs and the cuts in social services.

The Global Bourgeoisie

Traditionally, the bourgeoisie consisted of families that owned and passed on means of production from generation to generation. The bourgeoisie as a class was embedded in the nation and shared its interests, whatever they might be. Today's bourgeoisie is more anonymous. It hides behind company boards and funds, and is mainly active in finance and trade. Twenty percent of the world's dollar billionaires get their wealth from financial transactions. In 2015, Oxfam reported that the accumulated wealth of the world's sixty-two richest billionaires was equal to the total income of the world's poorest 3.6 billion people. [448] From 1996 to 2004, the number of billionaires grew from 422 to 1,645. [449] The hundred richest of them increased their combined wealth by US$240 billion in 2012 alone. To put this number in perspective, Jeffrey Sachs has estimated that it would take US$175 billion to eradicate extreme poverty, defined by an income of less than US$1 dollar per day. [450]

In the neoliberal era, inequality has also grown nationally. In the US, the income of the richest 1 percent has doubled since 1980, it is now 20 percent of the total income of the population. The income for the richest .01 percent has quadrupled. [451] The most unequal of all countries is South Africa: it is, today, more unequal than it was under the apartheid regime. Inequality in the former Soviet republics and China has also increased significantly since those countries' integration into the global capitalist market.

Almost all countries in the Global South now have very rich bourgeoisies. In 1996, there were no dollar billionaires in either Russia or China. In 2010, there were seventy in Russia and seventy-two in China. [452] According to the Hurun Global Rich List of 2016, 53 percent of the world's wealthiest people were from the Global South, and, for the first time, China surpassed the United States in the number of billionaires (568 vs. 535). Brazil had more billionaires than France, Canada, or Australia. Both South Korea and Turkey had more than Australia and Italy. [453] The billionaires from the Global South form a particular faction of global capital. Their wealth is closely tied to the export industry. They have no reason to

challenge the global division of labor that produces their wealth, even if it simultaneously reproduces imperial and racial exploitation. [454] While neoliberalism has divided the global working class along national lines, the global bourgeoisie has established numerous transnational institutions and forums to further their interests, such as the World Trade Organization (WTO), the International Monetary Fund (IMF), and the World Bank.

The Rise of Global Neoliberalism

Two things were of particular importance for the acceleration of neoliberal globalization in the 1990s. First, the geopolitical role of the EU was enormously strengthened by the collapse of the Soviet Union and state socialism in Eastern Europe. Since then, the EU has served as an institutional model of a globalized world. Second, China entered a tactical alliance with transnational capital. The future international roles of both the EU and China, however, remain uncertain. The EU is troubled by an economic crisis and the hotly contested issue of migration, and China's alliance with neoliberalism has always been one of convenience. China supplies global capital with cheap labor, and global capital's investments boost Chinese development. In the long run, however, the Communist Party of China aims to be far less dependent on exports to the North; it wants to strengthen its domestic market and South–South relations.

Until recently, it was difficult to imagine that neoliberalism and globalization might come to a sudden end. But Brexit, the erosion of the EU, the presidency of Donald Trump, and the rise of right-wing populism have dramatically changed the political landscape. [455] I recently discovered an early text by Lenin describing the difference between objectivism and proper historical materialism which I find useful in thinking abut these rapid changes and how they caught me off guard:

> "The objectivist speaks of the necessity of a given historical process; the materialist gives an exact picture of the given social-economic formation and of the antagonistic relations to which it gives rise. When demonstrating the necessity for a given series of facts, the objectivist always runs the risk of becoming an apologist for these facts: the materialist discloses the class contradictions and in so doing defines his standpoint. The objectivist speaks of 'insurmountable historical

> tendencies'; the materialist speaks of the class, which 'directs' the given economic system, giving rise to such and such forms of counteraction by other classes. Thus, on the one hand, the materialist is more consistent than the objectivist, and gives profounder and fuller effect to his objectivism. He does not limit himself to speaking of the necessity of a process, but ascertains exactly what social-economic formation gives the process its content, exactly what class determines this necessity. In the present case, for example, the materialist would not content himself with stating the 'insurmountable historical tendencies,' but would point to the existence of certain classes, which determine the content of the given system and preclude the possibility of any solution except by the action of the producers themselves. On the other hand, materialism includes partisanship, so to speak, and enjoins the direct and open adoption of the standpoint of a definite social group in any assessment of events." [456]

Lenin confirms that a materialist understanding of history requires an analysis both of the class relations that drive historical developments and of the contradictions within these developments and the class reactions they cause. There isn't necessarily a direct correlation between what is good for the economy and what is good for political governance. That would be a linear and deterministic understanding of history. Economic structures always impact class struggle, and class struggle always impacts economic structures. History never stops and the world always changes. It was important for me personally to be reminded of this. I embraced historical materialism a long time ago, but apparently I was still carrying a lot of objectivist baggage. In any case, I was among those who did not think anything like the current crisis of neoliberalism and globalization was possible.

Prior to the year 2000, it seemed as if neoliberalism would provide a rising standard of living for almost everyone in the Global North. Countries on the EU's periphery, such as Portugal, Spain, and Greece, benefited as well. EU officials, perhaps naively, thought the same would happen if the EU expanded into Eastern Europe, but at the time this occurred, the economic boom was already subsiding. The negative consequences of outsourcing became more tangible, and the issue of migration began to dominate political discourse. Both the former industrial workers and the

lower middle classes of the Global North felt increasingly concerned. This had political consequences. Capitalism always creates class tensions with uncertain outcomes. We can only properly understand this dynamic if we consider both the political-economic reality, and class struggle on the ground.

Capitalism develops not in a linear progression, but in qualitative jumps. With each jump, society changes. Shifts also occur within the existing order: productive forces are modified, class relations adjusted, and so on. Eventually, the framework holding everything together bursts. This is when fundamental change becomes possible.

We have outlined the essence of historical materialism. But what about dialectic materialism? Mao wrote in *On Contradiction* : “There are many contradictions in the process of development of a complex thing, and one of them is necessarily the principal contradiction whose existence and development determine or influence the existence and development of the other contradictions.” [457]

What is the principal contradiction in capitalism? It is the contradiction created by imperialism. Not only between imperialist nations and oppressed nations, but also among imperialist nations. World War I was fought over the partition of the world between imperialist powers. Lenin called it “a feature of the situation that in this war the fate of the colonies is being decided by a war on the Continent.” [458] The outcome was that the colonies of the victorious nations remained their colonies, while the former German colonies got new masters.

World War II was also fought by imperialist powers. This time, the Axis of Germany, Italy, and Japan took on the Allies under the leadership of the UK, France, and the US, which were supported by the Soviet Union in an alliance of convenience. The repartition of the world’s territories was the principal contradiction determining and influencing the other contradictions. Germany and Japan hoped to assert control over Europe, turn China into a colony, and oust the old colonial powers from Asia and Africa and take possession of their territories. The long term goal was to also divide up the Soviet Union between themselves. During the war, the fate of the colonies was entirely in the hands of the warring imperialist countries.

However, a new principal contradiction surfaced during the war, namely that between imperialism and actually existing socialism. It had

existed since the Russian Revolution, but after World War II it gained new significance, as the relationship between the Soviet Union and the US became more important than the relationship between the US and its Western allies. Both had one thing in common, however: the US, the only nation that had profited from the war, came out on top.

Britain was forced to grant independence to India, since the US government wanted to see an end to the colonial empires of its European rivals. With one important hitch: the US government did not want to see these empires ending *at any price* . Decolonization needed to happen in a way that suited US interests, that is, it had to create access for US capital. The US government certainly didn't want socialism in any former colonies. Here, it was in full agreement with the old colonial powers of Europe—but this put the US on a collision course with the Soviet Union.

The Soviet Union had expanded its influence during the war. Its soldiers had ventured far and wide during the fight against the Germans and Japanese. One reason for the famous US Marshall Plan was to prevent Soviet influence from extending into Western Europe; there were to be no socialist regimes in the region and it should be kept open to US exports, both of capital and goods. The US focus on Europe in the immediate postwar period was one of the reasons why the Chinese communists could liberate their country from both imperialism and Chiang Kai-shek's nationalists.

The US stance on anticolonial struggles was determined by two things: the desire to dismantle the old colonial empires of the European powers, and the desire to bring the former colonies under US economic and political control. The US did, for example, assist the British in their barbaric anticolonial campaign in Malaya, since the Malayan liberation movement was led by communists. In the case of neighboring Indonesia, however, the US pressured the Dutch to grant the country independence, since the independence movement under Sukarno seemed politically amenable. France's anticolonial campaign in Indochina also received US backing for fear of communist influence in the region. When the French were defeated at Điệ n Biên Phủ in 1954, the US intervened immediately. This was the beginning of the United States's fateful military engagement in Indochina. It is important to understand that it was capitalism that eventually made the colonial system superfluous.

The economies of Western Europe and Japan recovered after World War II. The European Economic Community, predecessor to the EU, was established in 1958. France and Germany became close partners. The long-term goal was to challenge global US dominance. EU countries had stronger welfare states and a stronger public sector. When some Third World countries tried to raise prices for raw materials, in particular crude oil, in the 1970s, capitalism hit its first serious crisis since the end of World War II. This also increased tensions between the imperialist countries and the Soviet bloc. There was an ongoing arms race, and nuclear war was a constant threat. Third World liberation movements supported by the Soviet Union were facing US-backed counterrevolutionary forces. While socialists had been protesting in the West in the late 1960s, pro-Western dissidents in the East had become more prominent. There was a popular uprising in Czechoslovakia, which followed the one in Hungary a decade earlier. Actually existing socialism was put on the defensive and would eventually implode.

In the former Soviet republics and the countries of Eastern Europe, neoliberalism would eventually replace state socialism. People had lost trust in the nomenklatura. Then, when neoliberalism failed to deliver the goods, there was a strong nationalist turn, supported by various sections of the working class. In China, Deng Xiaoping introduced a joint venture between state socialism and neoliberalism. In short, neoliberalism dramatically changed the political parameters in the center, the semi-periphery, and the periphery of the capitalist world system. The US was left as the only superpower. Despite certain attempts by traditional working-class parties and trade unions to contain capital within the framework of the welfare state, transnational capital now shaped the global order. It was the dawn of three golden decades for capitalism.

Colonization, decolonization, neoliberalism, and the industrialization of the South—all of these processes were the result of contradictions within the capitalist system, mainly in the center. If we look at class relations in the former colonies today (with all the differences between the independent countries that emerged from them), they have not been shaped by the liberation struggles or national independence, but rather by the development of the productive forces and by class contradictions in the North. They are the result of a capitalist world system that remains an imperialist system.

In the Global North, neoliberalism is challenged by right-wing populism, which is strongly supported by the working classes and sections of the middle classes. It is also supported by national-conservative factions of capital. Once again, contradictions in the Global North set the agenda for changes in the world system. But the role of the Global South has become much more important—one need only think of China's new position in the world order.

The contradictions that were the engine of capitalist development during the last two hundred years mainly emerged in the Global North. Capitalist development was driven by imperialism. Ongoing accumulation would not have been possible otherwise. This has created a polarization of the world that not only implies a permanent risk of war, but also of collapse. The more central industrial production in the Global South becomes for the system, the less central its old center becomes. The new global division of labor has given birth to productive forces in the Global South that have the power to undermine the imperialist order and create socialism. The objective possibilities for the countries of the Global South to free themselves from imperialist domination are much greater today than they were fifty years ago. The question is whether there is enough political will and organization to make this a reality.

China occupies a special position. It has become a significant economic and political power. At the 2017 congress of its Communist Party, Xi Jinping declared that the country was ready to be one of the main actors on the world stage. Today, China appears not only more far-sighted than the US but also more reliable. It is emerging as a leader in the Global South and the main rival to the US for global dominance. While the US is trying to maintain global hegemony by imperialist means, China aims to shed its economic and political dependence on the Global North. Soon, the global balance of power will, once again, be divided between two poles (at least), which will open up new windows of opportunity for radical social change.

If we are trapped in objectivism, we might miss those windows and speak cynically of some "necessary historical processes." This is reflected in the pessimism that characterizes the left in the Global North today. Given the thirty-year success of neoliberalism and the decline of the anti-imperialist and anticapitalist movements of the 1970s, pessimism is understandable. But it is also grist for capitalism's mill, since it seems to confirm Margaret Thatcher's infamous phrase: "There is no alternative."

Resistance seems futile. Perhaps there was less reason for optimism in the 1970s than we thought at the time. But pessimism doesn't help us. Today's pessimism has led to a loss of radical perspectives. Reforms within the capitalist system and the institutional framework of the state seem to be the most we can achieve. I firmly believe there is reason for optimism. The ruling system is in crisis and is highly unstable. The objective conditions for social change are good. The problem is the subjective forces—and pessimism is a big part of it.

If we want to develop an effective strategy to change the world, we need to meet two requirements: We must understand the capitalist mechanisms that reproduce imperialism, and we must understand the class tensions that threaten the system's stability. We must, in the words of Mao, identify the principal contradictions—the contradictions that must be deepened to bring the system to its knees. I will return to these contradictions in Part Three.

The Political Crisis of Neoliberalism

Throughout the 1980s and 90s, neoliberalism brought profits for capital and cheap goods for the working classes in the Global North. It was supported by the traditional parties of the working class. Tony Blair and New Labour set an example for social democratic parties all across Europe. There was a broad political consensus in North America, Western Europe, and Japan, expressed in institutions and agreements such as the EU, the WTO, NAFTA, and so on. Neoliberalism's ascendancy came to a sudden end with the financial crisis of 2007. Not only was its momentum gone, it also faced resistance in the form of nationalist movements in the Global North.

Three decades of outsourcing and privatization eventually affected wages in the Global North, and consumption was no longer rising at the same level as it had before. The low wages in the Global South were not enough to compensate for the loss in profits. Given the lack of productive investment options, there was increased investment in stocks, foreign currencies, land, and real estate. At first, this allowed profits to soar. So-called casino capitalism grew exponentially at the expense of productive capitalism, however finance capital created a bubble that burst when the US real estate market collapsed, bringing the banks down with it.

The initial victims of the crisis were the least flexible workers in industrial production, but soon the middle class felt the effects as well. The neoliberal fairytale, embraced even by social democratic cheerleaders, suddenly took a nasty turn. The state's options were limited, its power having been undermined by the global neoliberal elite. The traditional working-class organizations integrated into the state were similarly incapable of responding to the situation.

In the 1970s, people still talked about regulating transnational capital. When the crisis hit in 2007, everyone, social democrats included, tried to attract capital by promising the least regulations possible. It is not surprising that social democracy is no longer seen as a political force opposing capital. This is one of the reasons why many in the Global North who feel threatened by neoliberalism turn to the political right. For them, the answer to neoliberalism's problems lies in loyalty to the nation and defense of a nationally defined welfare state.

When people fear the loss of their privileges, they often turn to the right. The crisis of 2007 confirmed this. The Tea Party movement in the US and right-wing populist parties in Europe seized on the opportunity with nostalgic appeals to an era of national sovereignty, where none of the fatal consequences of neoliberalism could have ever occurred: the outsourcing of jobs, the deterioration of living conditions, the dismantling of the welfare state, and the arrival of far too many foreigners.

This put a lot of pressure on the political system. Parliamentary politics has been an important tool in the power-sharing agreement between capital and the working class which has characterized politics in the countries of the Global North for a century or more. When demands that the ruling parties cannot possibly give in to are expressed within this system—for example, to re-establish control over the economy—it, too, hits a crisis with no certain outcome. The traditional parties of all stripes—conservative as well as social democratic—are desperately looking for possibilities to bridge the gap between the demands of neoliberalism and the rise of nationalism. So far, they have not been very successful. The Brexit referendum and Donald Trump's astonishing victory in the US presidential election demonstrate just how deep the neoliberal crisis has become.

We must be clear about right-wing populism: there is nothing anticapitalist about its opposition to the neoliberal order. The modern nation state is itself a product of capitalism. But when the confines of the nation

state became too narrow for capital, it opted for transnational organizations such as the EU. Right-wing populism does not challenge capitalism, but it throws capital into a state of confusion.

"America first," says Donald Trump. "Britain first," say the advocates of Brexit. "France first," says Marine Le Pen. "Russia first," says Vladimir Putin. In the past forty years, true to the tenets of neoliberalism, imperialism has mainly been driven by market forces, but with so much emphasis on national sovereignty we may see a return to state-driven imperialism. In the near future, individual states might vie for imperialist dominance once again.

There is, of course, a difference between smaller and bigger countries. The economies of most small countries have become highly dependent on globalization. A return to state-driven imperialism would certainly weaken their role in international relations. State-driven imperialism is also a much less effective and much riskier form of imperialism. It will be very difficult for right-wing populists to recreate the nation state of old; industry will not return to the Global North, tariff barriers will only raise prices on the domestic market, the return to Keynesian welfare capitalism is an impossibility—and yet the mere longing for it creates a problem for neoliberalism.

Some factions of capital are already preparing for more protectionism. In a speech he gave in May 2016, the CEO of General Electric, Jeff Immelt, indicated how capital is preparing itself for the upcoming political challenges:

> "I joined GE in 1982 and 80 percent of our revenue was in the US; this year, 70 percent of our revenue will be global. … [G]lobalization is being attacked as never before. This is not just true for the US, but everywhere. … The future of the EU is an open question. Protectionist barriers are rising in Asia and Africa. China is repositioning its economy to be more sustainable and inclusive.
>
> "Globalization is being blamed for unemployment and wage inequality. … Every country wants more jobs and will seek their own advantage. … So the globalization I grew up with—based on trade and global integration—is changing. With globalization, it is time for a bold pivot. GE has $80 billion of revenue outside the US, so global growth is critical to our success. In the face of a protectionist global

> environment, companies must navigate the world on their own. We must level the playing field, without government engagement. This requires dramatic transformation.
>
> "We will localize. In the future, sustainable growth will require a local capability inside a global footprint. GE has 420 factories around the world giving us tremendous flexibility. We used to have one site to make locomotives; now we have multiple global sites that give us market access. A localization strategy can't be shut down by protectionist politics. … Our goal is to make what we want, where we want. … By taking these bold actions … I am confident we can continue to grow. Our global sales have grown six-fold since 2000, and we want that to continue." [459]

The global situation is complex and unstable. Economic power lies with globalized production and a financial sector whose legitimacy is under fire. The political order is threatened. The leading role of the Triad shows signs of disintegration. Russia is eager to be a global player again, and China has become both an economic and political heavyweight. Meanwhile, the new proletarians of the Global South become increasingly aware of their own power. The regimes there that proved unable to translate political independence into economic sovereignty have lost popular support and rely increasingly on authoritarian measures to stay in power. The coming years will be nothing short of dramatic.

An Imminent Revolution?

We have discussed capitalism's problem of overproduction. Historically, capitalism has solved this problem through expansion. Creating new proletarians in the Global South has been the latest major example of this. Yet such expansion polarizes. Promises that capitalism will make it possible for the poor to catch up with the rich are mere propaganda. The world's polarization is a product of capitalism, and it won't disappear before capitalism disappears. It is maintained in different ways, depending on the time and the place. There is still so-called primitive accumulation, that is, outright robbery and plunder. There is the export of capital and the return of superprofits. There is unequal exchange. And there is price formation in the global chains of production. One mechanism doesn't replace another, they

all exist simultaneously; new mechanisms simply widen the range of exploitation.

Like other systems in history, capitalism had a beginning and will have an end. At the moment, it is entering a deep structural crisis. [460] A regular recession is characterized by a U-curve: after the initial decline, the economy is adjusted, and there is an upswing. A structural crisis is more serious: its resolution demands a much more profound revamping of the system. This requires broad popular support. If the key classes cannot be won over, the crisis cannot be resolved. The gravity of the current crisis is revealed by the fact that, unlike the crisis of the 1970s, it was not caused by political pressure from below. The crisis came because the way in which the system accumulates capital hit a dead end. It will be difficult for capital to maintain a growing profit rate in the coming decades. Let us recall the three main factors that affect the profit rate: wages, externalities, and taxes.

Wages: The lower the wage, the higher the profit rate. One of capital's main tools to keep wages low is to create competition among workers, on an individual level as well as on an international one. An economic boom allows capital to make compromises with the working class and raise wages in order to avoid unrest on the labor market. In an economic crisis, wages have to be cut. Partly to escape the pressure to constantly raise wages in the imperialist countries, capital moved its production to the Global South. But since the financial crisis of 2007, this no longer delivers the profits it initially did. One reason is the competition between different factions of capital. Today, all companies have moved their production to the South, so none of them gains a competitive advantage any more. Another reason is that there is increasing unrest on the labor market of the Global South. The new proletarians want higher wages, too. The concentration of workers in factories will lead to political organizing and demands for unions, no matter how much capital and its political allies try to prevent this. That wages are rising is already obvious: in 2005, the average wage of an industrial worker in China was US$0.75 per hour, in 2011, it was US$2.25. [461] Capital cannot compensate for this by cutting wages in the Global North. Workers in the imperialist countries would not accept that without a fight.

Externalities: Externalities are the costs involved in production that capital wants others to pay. Industrial waste has been dumped into the earth, water, and air for centuries. Today, this has become a serious problem. Pollution has consequences for our health. Climate change causes natural

catastrophes. In the Global North, capital has sometimes been forced to take responsibility for the ecological consequences of production and pay the related costs, instead of passing the bill on to the taxpayer. In the Global South, however, environmental demands on capital remain considerably lower. This won't be the case forever, though: neither the populations of the Global South nor their political leaders can neglect the problem much longer. Besides, ecological devastation knows no borders. Climate change, the pollution of the oceans, and so forth are global problems.

Taxes: When tax-free production zones were established in the Global South, capital could avoid the relatively high taxes it was required to pay in the Global North. Capital's increased mobility also helped it to avoid taxes (in more or less legal ways). But this kind of tax evasion is nearing its end. The state has rising security, welfare, and administrative costs. The arms race also continues. The end of the Cold War did not lead to a peace dividend. With respect to the US military, Anthony Cordesman has written that "if the cost to date of the Afghan and Iraq/Syria wars are shown in constant dollars, even the comparatively low end estimate of $2 trillion through fy2018 would make these wars … more than five times more expensive than World War I … more than five times more expensive than the Korean War … nearly 2.5 times more expensive than the Vietnam War … [and] more than 18 times more expensive than the first Gulf War in 1991." [462] The magnitude of the situation is revealed by the world's only superpower, the USA, having problems financing its wars. The wars in Iraq, for example, were mainly paid for by Kuwait and Saudi Arabia. Despite the welfare state being dismantled, government costs for welfare are rising in the Global North. This concerns everything from education and public health to eldercare and the pension system—services that people fought hard for and that can only be abandoned at great political risk. In the 1960s, state officials believed that costs for the welfare state would decrease, since, for example, the investments made in public health would make people less sick—but new technologies, new treatments, and new medicines have led to a rise in costs nonetheless. In 2016, net public capital in the US, Japan, and Great Britain was negative. In France and Germany, it was positive, but just. The explanation is that those who draw the greatest benefit from neoliberalism, the transnational corporations, are not contributing in any meaningful way to the national budgets. But if taxes are increased, capital encounters two problems right away: not only does it have to pay higher

corporate taxes, but a higher income tax will also lead to demands for higher wages. Every single country in the Global North has problems with rising budget deficits and government debt. Debt has significantly exceeded economic growth in recent years and has risen from an average of 200 percent of the GDP in 2002 to 225 percent in 2015. [463]

We now see why it is unlikely that global capital will continue to generate enough surplus-value to secure profits. It will try, but this will force it to abandon its compromise with the formerly dangerous classes. Environmental problems will also accelerate. It is unlikely that the current structural crisis will be overcome. The next decades will be characterized by strong economic fluctuation, depression, and social conflict.

There have been many predictions of capitalism's end. It was announced in the 1870s, in the 1930s, and in the 1970s, but, so far, capitalism has always got back on its feet. Why should it be different this time? For example, couldn't a new labor aristocracy arise in the South and create the new market that capitalism so desperately needs? Sections of the working class and of the middle class, both in industry and management, do occupy privileged positions in the Global South, but their wages are only a fraction of those paid in the Global North. Together with others in the Global South, they will demand a global redistribution of wealth. As we have seen, wages have in recent years risen for Chinese industrial workers. This was directly related to the financial crisis of 2007. China's exports were falling and the Chinese government had to stimulate the domestic market. This hurt transnational and Chinese capital, but the Communist Party of China prioritizes the strength of the national economy over capital's interests. In most other countries in the Global South, however, the situation is very different. It is difficult to make political decisions that defy the demands of neoliberalism. Besides, even if a general increase in wages in the Global South would probably create new markets, it would hurt markets and profits in the Global North, and jeopardize the global labor arbitrage necessary for ongoing accumulation.

Another possible option for capital to beat the crisis is to unleash a new wave of proletarianization. This has worked very well over the past two hundred years. The problem is that it no longer works if there is no one left to proletarianize. While peasants still exist, their numbers have been dwindling. [464] The single biggest source of new proletarians, China, will soon have proletarianized the entire nation. The remaining peripheral

regions in Asia and Africa do not have the strong state apparatus, political stability, or population size required for another significant wave of proletarianization.

To argue that rising wages in the South will secure the continuation of capitalism as a global system and that China is just replacing the United States as the hegemonic power, overlooks the fundamental contradiction in capitalist accumulation. You cannot have it both ways: low wages which generate profits on the one hand, and on the other hand a flourishing market which ensures those profits can be realized through sales. Capitalism cannot support its own market in full, it requires an extra input of value from the outside in order to run smoothly. Capitalist China will face the same contradiction which Europe and North America solved by imperialist exploitation, yet it does not have a periphery it can exploit in order to escape the problem. China will not prevent the disintegration of the capitalist system as a whole. The best it can do is to try and secure its place in a future world-system, by adopting a socialist path.

Yet another option could be to shift agricultural production from the Global North to the Global South, akin to the relocation of industrial production. The low prices for land and labor in the agricultural sector of the Global South could be a source of profit stimulating investment. We have already seen massive acquisitions of land in India, Brazil, and various African countries. But a massive shift in agricultural production would also cause massive political problems. It would meet with heavy resistance in both the Global North and the Global South. In the South, there are already millions of landless peasants, many of whom drift to the slums of the big cities. In the North, agricultural lobbies have significant political influence; they would not accept the elimination of the agricultural sector. Severe political strife would be inevitable.

Neoliberalism was necessary in order to save capitalism when it was under pressure from both the liberation struggles in the Global South and demands for higher wages in the Global North. Neoliberalism’s triumph also meant an enormous defeat for the global left, including its reformist camp. Any hope of changing the system from within died. No longer did anyone even dare challenge the legitimacy of the capitalist system. Like classical liberalism, neoliberalism pays lip service to equality before the law and in the market. In theory, everyone shall have the same opportunities to succeed. Meanwhile, inequality is growing. It simply isn’t true that anyone

can become rich if they only get in touch with their inner capitalist and invest their money. That's what millions of small savers were doing before they lost their homes, pensions, and stocks in the crisis of 2007. Nor is it true that there is always a trickle-down effect when the rich get even richer. This has not been the case in the neoliberal era. Unsurprisingly, mass protests against neoliberalism have taken place across the globe, particularly in Latin America, but also in China, India, and South Africa. Even in European countries, such as Greece and Spain, neoliberalism is today largely discredited.

Neoliberalism is also under fire in North Africa and the Middle East. Until the 1970s, the region's nationalist regimes gave the people a reason to be optimistic. A brighter future with better living conditions seemed to lie ahead. But with neoliberalism, the regimes grew increasingly corrupt and lost popular support. Nepotism became the key principle of governance. Religious movements became the new opposition, promising a better life in the here and now as well as in the hereafter. Constant political unrest proves that there is revolutionary potential, but the left is hardly present. Meanwhile, NATO member states use the turmoil to settle scores with old enemies. The region is divided between forces opposed to the imperialist countries and forces allied with them. Fundamentalist religious movements, such as ISIS, denounce all Western influence. Liberal, pro-Western circles aim to imitate the European model, but they have no connection with the masses who know very well that this would leave them poor. Progressive Kurdish forces have some influence but risk becoming pawns in the imperialist game, major powers allying with them one day only to sacrifice them the next. Many people are fed up with the political chaos and see their only chance for a better future in migrating to Europe—where they are not welcome. The social, political, ethnic, and religious tensions spiral out of control. The outcome is uncertain.

A Triple Crisis

It seems that we are on our way to a triple crisis, at the same time economic, ecological, and political.

Economic , because the working classes of the Global South will demand higher wages, while capitalism is running out of new peripheries.

The falling profit rate for productive capital will slow down investment and therefore accumulation.

Ecological , because every credible scientific study tells us that we are heading toward catastrophe in the form of natural disasters, droughts, and shrinking harvests. The North has moved much of its industrial production to the South, but no one will escape the ecological and climatic consequences.

Political , because the crisis leaves the main political actors in the North in disarray. Both capital and the working class are divided in their attempts to save the system. There are factions of capital that want to continue with neoliberal globalization and change everything to keep everything the same. Other factions want to return to a nation-based form of capital accumulation, authoritarian rule, and warfare in order to secure the lion's share of the global spoils. And then there are those factions that have given up on production altogether and focus exclusively on financial speculation. Among the working classes, there are winners and losers of globalization. Unsurprisingly, their reactions to the crisis differ, and there is a strong polarization between nation-based and class-based responses.

All three aspects of the crisis are tightly interwoven and pose a serious threat to the capitalist system. At this point, there don't seem to be any viable alternatives, but a new world order will emerge from fiery struggles between progressive and reactionary forces.

PART THREE:

Politics in a Divided World

chapter 8.

A Window for Radical Change

“ THERE IS GREAT CHAOS UNDER HEAVEN—THE situation is excellent.” This quote is attributed to Mao Tse-tung. [465] It describes the situation we are facing today. In the coming decades, we are in for an economic and political rollercoaster ride. Capitalism’s crisis has opened windows for radical change, but radical change doesn’t just happen automatically. The transition to a more equal and democratic world is not a given. The outcome of the crisis might just as well be a system built on hierarchy, exploitation, and inequality. History is not on anyone’s side.

During a structural crisis, the role of the political militant becomes particularly important. The system is unstable and the right kind of actions can lead to the change we desire. To make this change is up to us. But it won’t come without a long-term vision. We cannot simply follow the mood of the day and ideological fads. We must not be seduced by self-declared leaders pursuing short-term interests. We need a goal and a strategy, and this must be our focus.

In the first two parts of this book, I discussed history and the economy. We now turn to politics and practice. I will first discuss the political entity we are up against: the state and its institutions. Then, I will discuss important political actors: the workers’ movement, social movements, liberation movements, and political parties. Finally, I will discuss visions and strategies for global anti-imperialist resistance. This includes strategies for militants in the Global North such as myself.

The State

Actually existing capitalism is the result of complex interactions between economic and political forces. The driving force of the capitalist mode of production is accumulation. Without accumulation, the system dies. But we are not talking about a law of nature. Both the economic system and the resistance against it are created by people. Accumulation is shaped by class struggle. Class struggle happens both directly in the relationship between capital and labor, and indirectly, mediated by the state and its institutions. It

is also an important aspect of conflicts between states. State power impacts both national and global processes of accumulation. Different classes fight to defend their economic interests within the state. They also form cross-state alliances. Struggles on the factory floor, for political power, and over global dominance (including war) are all connected. In the nineteenth century, the British tried to establish the best global conditions for accumulation. In the twentieth century, the USA did the same. Today, Western Europe, the USA, and Japan are trying to defend their control.

The power of the state has been diminished by neoliberal globalization. As mentioned above, in the 1970s, there was still talk of limiting the power of transnational corporations. Today, politicians compete with one another to provide the best conditions for them, hoping to attract capital and create jobs for a labor force that cannot simply leave the country. The political paradigm has shifted from social democratic, Keynesian ideas to neoliberal maxims. This is not simply the result of political choices. It is the result of technological developments and new ways of organizing the productive forces to make global accumulation as effective as possible. National economies, as they existed in the 1960s, are no longer viable today. The state has lost much of its independence with regard to capital. It has become much harder for the state to regulate the economy. Global finance capital has experienced such rapid growth that even the biggest national banks have enormous difficulties controlling economic developments.

In the old international economy, the state acted as a mediator between global economic forces and national economies. Its main task was to defend the ruling class interests embedded in the latter. But the further we moved toward a transnational global economy, the more the state had to abide by the wishes of transnational corporations and institutions such as the WTO and the IMF. Today, the national economies of most European countries are controlled by the EU. Once a bulwark *against* the global economy, the state has become a facilitator *for* the global economy.

This, however, does not mean that the state is about to disappear, as liberals like to claim. The neoliberal state is not a “minimal state,” nor has it lost its power. Its role has simply changed. It handles specific tasks within the global order it has become a part of. Neoliberal globalization would have been impossible without the military might of the USA and its Federal Reserve’s control of the US dollar. Thomas Friedman noted in 1999: “The

hidden hand of the market will never work without a hidden fist. McDonald's cannot flourish without McDonnell Douglas, the designer of the F-15. And the hidden fist that keeps the world safe for Silicon Valley's technologies to flourish is called the US Army, Air Force, Navy and Marine Corps." [466]

Capital needs the state to take care of things like the military and currency control—tasks that no market can handle. It also needs the state to provide a secure base for its global operations. Beyond that, it has little use for it. Nor is it dependent on any state in particular—it can choose the one offering the best facilities and services, whether it's cheap labor, a strong market, low taxes, law and order, control and surveillance, or an effective infrastructure. If capital becomes dissatisfied with a particular state, it can move on to the next. Attracting capital by offering it the best conditions to operate in has become a political priority for governments around the world. We live in the era of the competitive neoliberal state.

In their book *Empire* , Michael Hardt and Antonio Negri have offered a radical interpretation of globalization's political consequences. For them, the last fifty years of economic, political, military, and cultural development have created an "empire," that is, a global economic and political system uniting national and transnational institutions within one paradigm: globalized capitalism. [467] Globalized capitalism does not just entail geographic expansion, but the commodification of all aspects of our lives. Everything falls victim to capitalism's all-encompassing logic. The public sector is privatized, and so are genetic sequences, knowledge, information, and the human experience itself. Leisure, culture, and sports are subjected to the rules of capital. Transnational corporations not only manage production and sales, they also structure the empire itself: they allocate labor, they create money, they develop technologies, and they shape needs and identities. They determine our norms and values, our bodies and souls.

Today, imperialism is mainly administered by organizations and treaties that unite several nation states: the EU, the WTO, NATO, NAFTA, and so forth. But we are still a far cry from the "world government" that some pundits, especially on the right, constantly warn us about. Transnational corporations use the global structures that are so essential for their operations (and that they helped create), but they also use the influence of the state they are based in to gain access to foreign markets, investment opportunities, and other advantages in the battle for global economic

dominance. The US leads NATO to benefit American capital, Germany leads the EU to benefit German capital, and so forth. In short, we must not exaggerate the transnational character of power. The nation state remains an important player in the global political arena. Not all capitalist states are alike, and there will always be friction within the global bourgeoisie.

In their analysis of globalization, Hardt and Negri overlook the imperialist element, the inequality between Global North and Global South. It is true that we find pockets in the Global North that resemble life in the Global South, and that affluent neighborhoods in the Global South can resemble middle-class life in the Global North, but, overall, the North–South divide remains enormous. For the average person, life in the US, Western Europe, Japan, Australia, or New Zealand is very different from life in Brazil, Mexico, Nigeria, Egypt, China, or India. It is therefore also misleading to call migrant neighborhoods in the imperialist countries an "internal Third World"; while many of their residents are denied full access to the welfare state, they have steady access to electricity and clean water, often live in a safer environment than the one they left behind, and have at least the possibility of receiving income that is far above what they could make at home. If this wasn't the case, they wouldn't risk their lives to come to the imperialist countries, crossing highly militarized borders (the most important being the Mediterranean sea between Africa and Europe, the Timor sea between Indonesia and Australia, and the land border between the US and Mexico).

On the one hand, capital undermines state power, especially with respect to the economy; on the other hand, it uses the rivalry between states to its advantage. The development of global chains of production is a case in point. It began in the 1970s, when Japanese companies moved labor-intensive production to low-wage countries in order to compete more effectively with companies based in the US and Europe. The US responded by encouraging and actively supporting the export-oriented industrialization of Taiwan and Singapore. [468] European countries had difficulty establishing themselves in Asia. Instead, Germany and France campaigned hard for the rapid inclusion of the formerly state socialist countries of Eastern Europe into the EU, in order to provide their own capital with access to cheap labor.

Imperialist rivalry was a driving force in the outsourcing of production to low-wage countries and the development of transnational production. Today, the Triad forms an imperialist alliance against the South, where

countries such as China, India, South Africa, and Brazil have joined Russia in fighting for their own interests in international forums. Contrary to what Hardt and Negri suggest, globalized production does not mean global political consensus.

War

When assessing the impact of imperialism, it is not enough to look at current forms of value transfer. We must also consider what Anouar Abdel-Malek has called the "historical surplus value," which includes the effects of violence and warfare:

> "Historical surplus value designates the looting of all major continents as of the fifteenth century and the accumulation of their wealth in the then rising bourgeoisies of the West. The roots of violence and the roots of global war lie in the historical restructuring of the international order, that is, the formation of Western hegemony, rooted in the historical surplus value from the fifteenth century onwards. This strangely ignored condition by mainstream academia considers capitalist surplus value as if it was a product of the last stage of the history of mankind and or a product of the of the last phase of the class struggle, during which the bourgeoisies were to exploit the working class. The historical surplus value is not delimited by economics, raw material, energy, resources, land and space etc.; it above all provided Europe with the means to secure world hegemony. Historical surplus value provided the grounds for the rise of the scientific and technological revolution. Its geopolitics furnished … Europe with the means of control of the world via sea routes while the dissemination of ideas from the centre via communication technologies dictated the theories and conceptions for the third world to grow into. As such, the ethical-normative position by which the liberal left judges violence as a pathology of the system or as an exogenous syndrome when in fact that very historical context for development is laid down by the violence of European imperialism … Imperialism as a central factor in the power structure of the modern times was viewed in its immediacy and not as a contemporary expression of a historical process." [469]

For Abdel-Malek, imperialist wars were not only central to the process of accumulation, but also to creating the ideal conditions for the extended extraction of surplus-value. [470] And we mustn't fool ourselves: the times of imperialist wars are far from over. Market forces might have replaced military might as the single most important factor in maintaining the imperialist order, but raw violence still plays an important role. Imperialist wars are a part of the global class struggle; they define geopolitical power and the law of global value chains. In his book *The Cordon Sanitaire* , Ali Kadri explains the connection between the sweatshops of Asia, the global network of US military bases, and ongoing warfare. In an article on Syria and Iraq, he writes:

> "Prices as the mediated actuality of value via the balance of forces in the international class struggle, and within the class struggle as a production sphere itself, mirror the historically accumulated stock of imperialist power and camouflage real value by the degree of labour's repression. The worst form of combined repression and exploitation that conceal huge value are imperialist wars. … Militarism and its wars ratchet up imperialist power and reduce the negotiating power of working classes and with it a wide range of prices that fall way below value. With the class struggle assuming the form of production, and with war as a production process being also a manifestation of the class struggle, the consumption of human life directly in war as production generates high rates of surplus value. … Wars, for instance, reap a whole life's productivity in the short life expectancy of a fighter who is paid pittance in wages." [471]

From a capitalist point of view, war is not necessarily a waste of money. It is an investment. War creates favorable conditions for global accumulation, it boosts national accumulation, and it allows for primitive accumulation to flourish. And then there is the war economy itself, which allows corporations to make profits off of public spending.

When the Soviet Union and the socialist states of Eastern Europe crumbled in 1991, some people naively believed that NATO had lost its purpose and that we would enter an era of disarmament. That did not happen. NATO has remained very aggressive. In fact, since then it has expanded its reach, no longer focusing solely on Europe. In the Yugoslav conflict, NATO brought about regime change in Serbia and aided in the

establishment of Bosnia-Herzegovina, Croatia, and Kosovo as independent nations. There was the First Gulf War, and later the “War on Terror” with the invasions of Afghanistan and Iraq. NATO also intervened in Libya during the uprising against Gaddafi, and in the war against the Islamic State in Syria. The US and its NATO partners are eager to bid farewell to the old nationalist regimes of the Middle East that came to power during the decolonization era. When these regimes first took power, they rejected US dominance and closed their markets to transnational corporations. Over time, however, they became corrupt and despotic. NATO hoped for a balkanization of the Middle East and the establishment of weak, pro-Western governments. This strategy has not proven successful. The nationalist regimes have not been replaced by functioning neoliberal ones. Instead, NATO’s interventions opened a Pandora’s box of sectarian strife and brought fundamentalist forces significant support—forces that, in many cases, had been initially boosted by the US to destabilize the region.

NATO has also rekindled its conflict with Russia, which has reemerged as a nationalist power, this time with capitalist colors. NATO supported a right-wing coup in the Ukraine in February 2014. Moscow responded by annexing Crimea and by backing the resistance of Russians living in the Ukraine. Tensions between the US and Russia were heightened by US and Saudi support for Salafist forces fighting Assad in Syria. Russia got involved in the Syrian conflict in 2015 to prevent ISIS from toppling the Assad regime and to outmuscle the US. Trump’s friendlier approach toward Russia represents a shift in US strategy, China being Trump’s main target. This shift is the result of economic realities.

Wars, whether they are waged against dictators, leftist governments, social movements, or imperialist rivals, are an inevitable consequence of the imperialist mode of production. There are economic booms, recessions, and crises, and with each of these political power is reshaped. The transnational character of today’s economy is confirmed by the forms this takes. During the first half of the twentieth century, economic turmoil led to wars between the imperialist powers. Today, international partnerships have become the main way of keeping things under control. The US is leading an alliance of what they consider the “free world.” This includes the EU, Japan, Australia, and New Zealand, but, tellingly, also countries such as Saudi Arabia. Still, it represents only 15 percent of the world’s population. During the Cold War, the US was a hegemonic power with Western Europe

and Japan as its allies. Today, the US has become highly dependent on Western Europe and Japan, both for ideological support and for help footing the military bill. In 2015, the US accounted for more military spending than the next seven biggest arms spenders—China, Russia, Saudi Arabia, the United Kingdom, France, Japan, and India—combined. [472]

The enemies of the present world order, the result of the collapse of actually existing socialism, are no longer confined to specific territories. They have become very amorphous and include everyone who "resists." They can be anywhere. They are not considered to be political opponents, but "criminals" and "terrorists." War is presented as a moral obligation rather than a political necessity. Troops are deployed in the name of "human rights" and "democracy." They embark on modern-day civilizing missions that remind us of the colonial saviors of centuries past. In the case of authoritarian regimes serving NATO's interests, noble principles matter little of course. After World War II, NATO accepted both Salazar's Portugal and Franco's Spain within its ranks. Today, Turkey is an important member state. As for the close collaboration with Saudi Arabia, it would seem that it does not pose any problem whatsoever.

Modern-day warfare knows no limits of space or time. There is no precise point when war commences, nor any moment when peace is declared—everything is unclear and amorphous. The "War on Terror" reaches from Afghanistan's Helmand province to the Middle East to the big cities of Europe and North America. The line separating military interventions in the Global South and interventions "protecting" the Global North have become blurry. Politics and security have become one. Military, police, and intelligence services blend together. Surveillance and legal persecution have been globalized, especially since the attacks of September 11, 2001. The US collaborates with the EU in the repression of political opponents. The interception of communications, and other means of surveillance, have surpassed Orwellian levels. Compared to today's secret services, the infamous STASI of East Germany appears rather amateurish.

Apart from securing the accumulation of capital, the main purpose of military intervention in the Global South is to prevent social unrest from spreading to the Global North. Uprisings, migrants, diseases—none shall find their way to the rich countries. What is important is to avoid any significant loss of life—of one's own soldiers, that is. This is a consequence of the Vietnam War, since public opinion in the US shifted when the death

toll of American soldiers became intolerable. Special forces with high-tech equipment have largely replaced troops on the ground, and drones kill people without soldiers being anywhere nearby.

Militarily and politically, the world has become much more chaotic and unstable than it was during the Cold War. With two opposing superpowers, the US and the Soviet Union, there was some equilibrium. The Soviet Union is no more, and the US is on the decline. Frighteningly, it tries to compensate for its loss of economic dominance with military prowess. The USA staunchly tries to defend its position as the world's leading nuclear power, able to launch a nuclear strike against anyone in the world, including Russia, without having to fear for its own destruction. [473] The danger that this entails must not be underestimated—especially with Trump in charge of the red button. For the danger to disappear, the world order needs to change. Let us now look at some of the actors that promise to play a role in this change.

chapter 9.

The Trade Union Movement

SINCE THE END OF THE NINETEENTH century, the trade union movement has focused on organizing within national boundaries. In the North, it has pursued and defended the social democratic welfare state, which made possible a certain control of capitalism and a certain level of economic redistribution. This entailed class compromise, and the state took on the role of mediator between capital and labor. It gave the workers' movement collective bargaining, a minimum wage, labor laws, unemployment benefits, pensions, and so on.

International trade union organizations exist, but they are not prioritized and remain dominated by workers' organizations from the Global North and their interests. More importantly, working-class movements in the Global South cannot simply copy the strategies of those in the Global North. Class compromise in the Global North was only possible because of the exploitation of the Global South. In the capitalist world system, the countries of the Global South constitute the periphery. They themselves have no periphery to exploit. Nor can their reserve armies of labor emigrate.

There is fierce economic competition between the countries of the Global South. If workers in a particular country demand higher wages, capital can threaten to move elsewhere if the political rulers give in to the workers' demands. This is a major reason for the heavy political repression we see across the Global South, which also makes trade union organizing very difficult. Even in countries where independent trade unions have the right to organize, for example in the Philippines or in Colombia, they are violently repressed. The only way forward for the trade union movement is international collaboration and strength. On a national level, trade unions will find it very hard to change the system substantially.

This is why I turn my attention in this chapter first and foremost to organizations that claim to act on behalf of the working classes across the planet. The two most important such organizations are the UN-affiliated International Labour Organization (ILO) and the International Trade Union Confederation (ITUC), the biggest international alliance of trade unions. I

am particularly interested in how these organizations strengthen, or weaken, the common struggle of workers against capital across the globe. I will also look at the trade union movements of three countries: China, South Africa, and India. The Chinese working class is the biggest and most important in the world. China offers a combination that is highly attractive for global capital: modern and efficient infrastructure, and a trade union movement under government control. Since China opened its borders to foreign capital in 1979, more than one trillion US dollars have been invested in the country. South Africa has strong and highly political trade unions advocating for the interests of the Global South and its workers. The South African trade union movement provides an important critique of both the international trade union movement and the neoliberal policies of the ANC. India is home to what are known as "social unions," which have a broader agenda than traditional trade unions.

The International Labour Organization

Under the auspices of the United Nations, the International Labour Organization is meant to oversee international labor relations. Each member state of the UN is represented in the ILO with four delegates: two government representatives, one representative of an employers' association, and one trade union representative. As a UN organization, it represents internationally recognized countries that base their discussions in the ILO on national interests. This is not necessarily favorable to working-class interests. Besides, working-class organizations only appoint a quarter of all delegates, and many of them are closely tied to their countries' political leaders.

The ILO dates back to 1919, when it was created as a subsidiary to the League of Nations, the predecessor of the UN. World War I had just ended, the world had witnessed the Russian Revolution, and there was revolutionary unrest in Germany. The ILO was founded to improve conditions for the working classes in order to avoid further revolutionary uprisings. This was clearly stated in its founding documents and supported by the social democratic Second International. [474] Three out of four trade union delegates at the founding conference of the ILO had previously been members of the Second International. During the economic depression of the 1930s, the ILO developed a clear social democratic profile. The

organization's heyday was in the 1960s and early 1970s, when it promoted Keynesian principles and had significant influence on labor market policies in the Global North. However, the relative success of the ILO in the Global North never meant much for labor policies in the Global South. The most powerful member states, all hailing from the Global North, simply weren't very interested in labor conditions in the Global South. Besides, social democracy and Keynesianism were not applicable to the periphery of the world capitalist system. Kenneth Roberts has explained this with respect to Latin America:

> "Historically, social democracy has been grounded in conditions that are not present in Latin America and are highly unlikely to develop under an increasingly transnational neoliberal model of capitalist development—namely, centralized and densely organized labor movements that have close political ties to socialist parties, ample fiscal resources to sustain universal norms of social citizenship, and domestic power balances that spawn institutionalized forms of class compromise in which democratic checks are placed on the privileges and functioning of capital." [475]

As social democracy weakened in the Global North, so did the ILO. The US left the organization in 1975, the same year it embraced neoliberalism. The withdrawal was partly in protest against the appointment of a Soviet delegate as Assistant-Director General, partly against an ILO declaration on the situation of Palestinian workers that was deemed "too political." The withdrawal was not only supported by US employers' associations but also by the AFL-CIO. This revealed one of the ILO's major weaknesses, namely its dependence on funding from powerful countries: prior to its withdrawal, the US contributed 25 percent of the organization's budget.

When the neoliberal offensive was launched in the 1970s, the ILO was unable to respond. It adapted to the neoliberal tide and essentially became a development organization trying to fight poverty by facilitating economic growth. The US was satisfied and rejoined in 1985. How weak the ILO had become was made evident when it failed multiple times to get a social clause for workers passed in WTO agreements on free trade.

In 1998, the ILO published a "Declaration of Fundamental Principles and Rights at Work," summarizing its new approach. The declaration focused on four aims: "Freedom of association and the effective recognition

of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation." [476] It is remarkable that the ILO has had no success in reaching even these modest goals, currently posing no challenge at all to the relationship between capital and labor.

Like other UN agencies, the ILO has very limited means to enforce any decisions. No matter how strong the rhetoric, the effects are often minimal. China's violations of the ILO's guidelines were documented in an International Trade Union Confederation report in 2008. There is no "freedom of association and the effective recognition of the right to collective bargaining" in China. The same is true for countries such as Brazil, India, Iran—and the USA. All Chinese workers are organized in the state-controlled All-China Federation of Trade Unions. There is widespread child labor, despite China having signed the ILO convention against it. The ITUC report came to the conclusion that China can simply afford to ignore the ILO's aims and resolutions—there are no consequences. [477] Another example of the ILO's limited power concerns Convention No. 100 in the ILO charter, demanding the same wage be paid for the same work. This convention has been used in many countries to criticize discrimination against women on the labor market. No one, however, dares to mention the elephant in the room: the enormous differences in wages for the same work across the globe. The ILO's perspective remains confined to national borders.

The International Trade Union Movement

Unlike the ILO, the international trade union movement is not bound by an institutional framework in which national interests will inevitably take precedence. At least in theory, its outlook is more internationalist. It can render both political and material support to workers' movements regardless of their relationships to national governments. It can organize solidarity across national borders. This makes it a potentially more powerful weapon in the global class struggle than the ILO.

The international trade union movement consists, on the one hand, of about fifteen international organizations, the so-called global unions that organize workers in specific industries such as transport workers, metal

workers, and construction workers. On the other hand, there is the International Trade Union Confederation, which organizes across all industries and tries to coordinate the strategies, actions, and campaigns of national trade union associations. ITUC was founded in November 2006, when the International Confederation of Free Trade Unions (ICFTU) and the World Confederation of Labour (WCL) merged.

The most important campaign carried out by the international trade union movement in recent decades has been to include a social clause for workers in the WTO agreements on free trade. This was one of the main demands during the protests at the WTO summit in Seattle in 1999. Trade union activists in both the Global North and the Global South have worked hard for this, but to no avail. One reason is the resistance of the governments of the Global South, which fear that such a clause would make it more difficult to attract capital.

The Norwegian Confederation of Trade Unions (*Landsorganisasjonen* , or LO) published a long report on the failure of the campaign. [478] The lack of support from both trade union leaders and the rank and file in the Global South was one of the main reasons identified. Among those the LO researchers talked to were members of the Congress of South African Trade Unions (COSATU), who saw fundamental global differences in the relationships between trade unions and governments. While lobbying is of enormous importance for trade unions in the Global North, mass mobilization remains the primary strategy for trade unions in the Global South. [479] The different practical approaches this implies are illustrated in a statement by the Brazilian trade union *Central Única dós Trabalhadores* : “To lobby only a few top leaders need to be informed of the issues. To achieve change through mobilization, a very large group of workers needs to be educated on the issues.” [480]

Since the international trade union organizations mainly relied on lobbying in the campaign for a social clause in the WTO agreements, it had limited reach and effect in the Global South. The LO report gives the impression that international trade union officials feel more at ease joining diplomats and representatives of employer associations around negotiation tables than they do meeting workers on the ground. Mark Anner, director of the Center for Global Workers’ Rights, was also interviewed for the report. He confirmed that there are big differences between trade unions in the Global North and the Global South. For trade unions in South Africa or

Brazil, employment and development are central. Trade unions in the Global North, however, are mainly concerned with the loss of jobs due to the relocation of industrial production. [481] A typical AFL-CIO declaration from October 2010 states: “Since 2001, the nation has lost more than 2.5 million manufacturing jobs and more than 850,000 professional service and information sector jobs … and millions are at risk in the next five to ten years. … [I]ncreased overseas outsourcing also undermines wages and working conditions in those jobs left behind and threatens the long-term health of the economy.” [48 2]

TABLE II. Key Market Labour Characteristics and ITUC Representation

	North	South
Workforce	567,117,000	2,555,915,000
% Global Labour Force	18%	82%
Unionized Workers	97,220,000	78,243,000
% Union Density	17%	3%
Workers in Countries with no ITUC Representation	0	1,030,218,000
% Workers in Countries with no ITUC Representation	0%	40%
Number of Delegates	448	784
% Delegates	36%	64%
Workers per Delegate	1,266,000	3,260,000

Source: Kerswell (2011): 274.

Anner went on to explain that the Global South’s trade unions have not attained the same status and influence as many trade unions in the Global North. [483] Indeed, this is reflected in the makeup of ITUC. Table II above shows the size of the global labor force, the number of members in trade unions linked to ITUC, and the number of ITUC delegates. It shows that most workers, especially in the Global South, are not organized in trade unions. It also shows that the Global North’s workforce, which makes up 18 percent of the planet’s overall workforce, is represented by 36 percent of ITUC delegates. The reason is that only 3 percent of all laborers belong to trade unions in the Global South compared with 17 percent in the Global

North. Workers in the Global South have one ITUC delegate for every 3.26 million workers; workers in the Global North have one for every 1.27 million workers. This imbalance helps explain why ITUC rarely prioritizes the interests of workers in the Global South. One of the most important tasks for the international trade union movement is therefore to get more laborers in the Global South unionized. This, however, is a very challenging task due to the pace of industrialization, the size of the economy's informal sector, and the massive political repression.

The Trade Union Movement in China

China has become the world's leading industrial producer. It has a growing and potentially very powerful working class, demanding better living conditions as well as social and political rights. China is also a linchpin in the various global chains of production. A significant increase in wages in China would threaten the entire capitalist system. Currently the most important question for the global class struggle is whether the Chinese proletariat will take the lead in a new working-class movement of the Global South.

With China's integration into the capitalist world market and the privatization of state-owned companies at the beginning of the 1990s, the political power of the Chinese working class was weakened. In the Mao era, workers enjoyed many economic and political rights. There was job security and management was not allowed to fire workers. There was very little unemployment. Wages were stable, and housing, education, and medical services cheap or free. Insurance and pensions were provided. Workers had a say in administrative decisions, while managers participated in manual labor. Workers were also granted "four great rights": "the right to speak out freely, the right to air one's views fully, the right to write big-character posters, and the right to hold great debate." [484] This allowed them to publicly criticize government officials.

In the 1980s, the Chinese government intentionally set out to create a reserve army of labor. This was part of its new economic policies. Between 1993 and 2006, more than sixty million jobs in state-owned companies disappeared. Migration from rural to urban areas was promoted, and China urbanized at record speed. [485] In 1978, less than 20 percent of China's population lived in cities; by 2020, it will be 60 percent. [486] In the last thirty

years, two hundred million migrant laborers have arrived in Chinese cities to find work. [487] Their labor is largely what has made China's massive export of industrial products possible. Official Chinese statistics show that, in 2009, the average working hours of a migrant laborer was 58.4 per week, whereas standard working hours in China was 44 per week. Sixty percent of migrant laborers had not signed a formal labor contract. Managers would regularly use corporal punishment to discipline them. [488]

A particular burden for migrant laborers is the *hukou* system that ties social services—such as access to schools, housing, clinics, and pensions—to one's place of birth. In other words, the services don't move with the people. Millions have therefore lost their *hukou* entitlements because they migrated to find work. You can apply to register in a new location, but the decision lies with the local authorities. Many applications are rejected.

The use of surplus rural population to increase the industrial labor force is very similar to what happened in England and other parts of Western Europe in the nineteenth century. However, a process that took fifty years then, only took ten in China. The enormous reserve army of labor created in China's cities not only led to lower wages, but also caused tensions between longtime employees and the new migrant laborers. This undermined solidarity in the workplace.

The rapid proletarianization of China will not go on forever, however. The supply of labor from rural areas is not endless. Already in 1997, the then vice-president of the International Finance Corporation, Jannik Lindbæk, wrote an article titled "Emerging Economies: How Long Will the Low-Wage Advantage Last?" Lindbæk pointed out how extreme the wage differences in the global textile industry were: the ratio between the OECD countries and countries such as Pakistan, Indonesia, and China was 21:1. Based on demographic developments, Lindbæk predicted that wages in China would start to rise significantly by 2020. [489] A 2010 article in the *Economist* sounded the same note, suggesting that the depletion of China's reserve army of labor, combined with rising unrest on the Chinese labor market, will soon spell an end to the great profits made from producing in and trading with China: "Chinese workers, in the cities at least, are now as expensive as their Thai or Filipino peers. … The workshop of the world, in other words, is ageing. As China's villagers grow older, coastal factories will have to offer higher wages to tempt them to migrate. … The end of surplus labour is not an event, but a process. And that process may already

be under way.” [490] Minqi Li, a left-wing intellectual who fled China after the Tiananmen uprising in 1989, claims that China’s labor force peaked at 970 million in 2012, and that the number will fall to 940 million in 2020. He believes that this will strengthen workers’ bargaining power, boost their struggle, and make radical change in China possible. [491] We can already see such tendencies: according to the National Bureau of Statistics of China, the number of “episodes of unrest at the workplace” grew from 8,700 in 1993 to 87,000 in 2005. Since 2005, no further official statistics have been released, but scholars agree that the figure has continued to rise. The sociologist Sun Liping estimated that, in 2010, there were 180,000 such “episodes.” [492]

The All-China Federation of Trade Unions is closely tied to the government. There has been much international criticism to the effect that the Chinese working class has no independent representatives, yet in recent years the All-China Federation of Trade Unions has supported workers’ demands across the country. Wages in China have risen more than in those countries with independent trade unions.

One of the most important labor struggles in China occurred at Tonghua Steel, which had been a state-owned steelworks in Jilin Province. In 2005, it was privatized and its name changed to Jianlong; 24,000 of its 36,000 workers lost their jobs and related benefits, migrant laborers were hired for half the previous workers’ wages, the new management got big bonuses, and new legislation allowed for an array of sanctions and punishments for unruly workers. From 2007, there was increased unrest among the workers, and in July 2009 they went on strike. When a senior manager threatened to fire the entire workforce, he was attacked and beaten to death. The police, present with thousands of officers, did not dare intervene. After this, there were no more privatizations in Jilin Province. [493]

In 2010, wages in China stopped falling. The relationship between capital and the working class had reached a turning point. The urban working class now had significant bargaining power. The new generation of migrant workers has higher expectations with regard to wages and consumption. They are better educated, more politically conscious, and more likely to take militant action. An example was the strike at Honda’s transmission factory in Nanhai in Guangdong Province. Two thousand workers went on strike in May 2010 and demanded a raise of 800 yuan per month—80 percent more than they were earning at the time. [494] Within two

weeks, strikes broke out in other Honda factories in the province, and various Honda assembly lines were at a standstill. The losses were significant, which explains why Honda eventually gave in to the workers—they were paid the wage they demanded.

The spring of 2014 saw strikes at Yue Yuen Industrial Holdings, the world's largest manufacturer of sports shoes, producing one hundred million pairs of shoes a year for corporations like Nike, Adidas, ASICS, Reebok, Salomon, and Timberland. [495] For years, management had withheld payments from workers' pensions and health insurance. Close to one hundred thousand employees went on strike for two weeks, before the Chinese Ministry of Human Resources and Social Security ordered Yue Yuen to pay the contributions outstanding to the workers' pension and health insurance funds. [496] This inspired a wave of subsequent strikes, for example at Masstop Liquid Crystal Display in Dongguan, where touchscreens for Apple are produced. In 2015, there were more than twice as many strikes in China as in the previous year (2,775 vs. 1,379). [497]

- *Class Consciousness in China*

Even if there is resistance by Chinese workers against low wages and poor working conditions in the privatized economy, unrest on the labor market has so far remained confined to specific factories. There are not many examples of organizing going further, the 2010 Honda strike being a notable exception. This leads us to the question of class consciousness among Chinese workers. Class consciousness is reached when problems experienced individually because of one's economic status are understood in the context of the mode of production itself. In other words, class consciousness is reached when the individual member of a class becomes conscious of the class's common interests. Class consciousness makes it possible to move from limited economic struggles to political struggles.

If we look at most of the labor uprisings in China, the workers' demands were usually limited to higher wages and better working conditions at their specific workplace. Collective demands to local authorities or the central government have rarely been raised. There are also not many examples of workers trying to form independent unions. But the Chinese working class is not without experience in class struggle. Many workers are well aware that the situation they find themselves in has not

been created by individual capitalists, but that it is the result of ongoing class divisions within Chinese society. In the article “The Class Experience of the Chongqing Kangmingsi Workers’ Struggle to Defend Their Proper Right,” Zhong Qinan cites a labor activist who had lost their job due to the privatization of state-owned companies. The activist stated that before privatization, “the workers were masters of the factory, the workers were brothers and sisters within one class, and massive layoffs could not have happened; but after privatization, the workers have been reduced to ‘wage laborers,’ they are no longer the masters, and this is the true reason behind the massive lay-offs.” In this activist’s opinion, workers’ struggles should not be confined to specific workplaces, since the “fundamental interest” of the worker lies in the restoration of “public ownership of the means of production.” [498]

Privatization has reduced the value of the state’s share of China’s industrial production to less than 30 percent. But the state still controls many central industries. In 2008, stated-owned companies accounted for 59 percent of coal mining, 96 percent of oil and natural gas extraction, 72 percent of oil and coal processing, 42 percent of the iron and steel industry, 45 percent of industries related to transport, and 92 percent of the provision of electricity and heating. [499] Even if workers in state-owned companies make up only 20 percent of China’s industrial labor force today, there are twenty million workers employed in heavy industry and the energy sector alone. Being of huge strategic importance for the national economy, these workers retain, at least potentially, much economic and political power.

We have seen that the workers’ struggles of recent years have brought results. Capitalists were forced to raise wages and benefits, and local and provincial governments were obliged to raise the minimum wage. The monthly minimum wage in Shenzhen, for example, rose from US$150 in 2010 to US$301 in 2014. During the same period, it rose from US$160 to US$303 in Shanghai. [500] Today, average income in China is comparable to average income in the poorest EU countries (all located in Eastern Europe). This trend cannot continue indefinitely, however, within the current political framework. The collaboration between Chinese and global capital is dependent on low wages. This has turned China into the world’s leading exporter, but rising labor costs threaten this position. Minqi Li writes: “In the late twentieth century, China’s capitalist transition created conditions for the global labor arbitrage that turned the global balance of power to the

favor of neoliberal capitalism. In the early twenty-first century, as China emerges as the new center of working class movement, will it again fundamentally change the terms of the global class struggle, this time to the favor of the global working classes?" [501]

We must not confuse the current situation in China with that of Europe in the late nineteenth century. Even if the Chinese government's long-term goal is less dependency on exports and a stronger domestic market, [502] and while working-class demands appear compatible with capitalism and the imperial system, China cannot copy European social democracy. It has no external proletariat to exploit. What we will see are rising contradictions in Chinese society itself.

The South African Trade Union Movement

The trade union movement in South Africa provides a useful example of the problems that the proletariat in the South is facing. South Africa was liberated from the apartheid regime and colonial governance after a long and hard struggle. However, it proved too much for the ANC, the leading organization of the liberation struggle, to turn this historic moment into a social revolution. Since the ANC came to power in 1994, it has pursued a neoliberal course. Today, the gap between rich and poor in South Africa is wider than it was under apartheid.

At the same time, South Africa boasts some of the Global South's most well-organized and radical trade unions. South African trade unions have the potential to turn workplace struggles into broad political movements demanding systemic change. They have also been pioneers in challenging the dominance of trade unions from the Global North in ITUC. Bongani Masuku, the international secretary of the most important of South Africa's trade union alliances, COSATU, has divided the trade union alliances of the Global North into four categories:

> "Firstly, there is the Big Four: AFL-CIO (US), DGB (Germany), TUC (Britain) and RENGO (Japan)—who are the core custodians of the most conservative policy positions, particularly as regards maintenance of imperialism. … In many instances, the Big Four recite the foreign policy verses of their ruling classes particularly as regards issues such as trade and underdevelopment of Africa as well as the Middle East.

> The second category consists of the social democratic unions. This is the Nordic plus Dutch grouping. These unions agree with most of our views but are not eager to challenge the Big Four. … They cannot, however, be relied upon for the most deeply profound and fundamental battles, particularly on confronting underdevelopment, trade and anti-imperialism. Thirdly, Southern European trade unions which include the CGIL (Italy), CCOO (Spain), CGT (Portugal). These unions have been historically progressive, possessing an anti-imperialist posture. There are recent signs of retreat. These unions are slightly more confident in challenging the Big Four in certain mild areas, but top toe on some major issues. Lastly, there are progressive individual unions that are part of federations that are not necessarily progressive. This is the case even within the Big Four. … [These progressive unions] share many of COSATU's perspectives on global matters such as Palestine, trade and Africa's development." [503]

It is not surprising that, in 2012, COSATU decided to affiliate with the communist, class struggle-oriented World Federation of Trade Unions (WFTU). The WFTU was founded after World War II and was effectively led by the Soviet Union. After the collapse of the Soviet Union and its satellite states in Eastern Europe, the WFTU was reduced to a small staff with few employees, and most of the former European member organizations joined ITUC. The tide changed, however, after the 2005 WFTU congress in Havana. A new leadership was elected, with the veteran Greek trade union organizer Georges Mavrikos at the helm, and its headquarters moved from Prague to Athens. Since then, the focus of the WFTU has been on trade unions in the Global South. The WFTU collaborates with the Organization of African Trade Union Unity, the International Confederation of Arab Trade Unions, the Permanent Congress of Trade Union Unity of Latin America, and the General Federation of Trade Unions, which is comprised of trade unions from former Soviet republics. Even some European trade unions have joined the WFTU in recent years. Bongani Masuku offers the following assessment:

> "A fair, evidence-based assessment of the ITUC and WFTU must be done to assist the discussion about options, which are neither sentimental nor orthodox. … The stranglehold of the Big Four in the ITUC is not about to be relaxed, in fact, it is being tightened owing to

> the growing challenge by some unions, COSATU included. The fact that the leader of Histandrut (sic), the apartheid union of Israel, Ofer Eini, was elevated to the ITUC's 25-member executive board as well as its general council, as he is now one of the vice presidents, confirms the over-arching influence of the Big Four and their intention to further control the organisation. It is just one example, which shows how power is used to exercise patronage and control. The other even more crucial example is that of their total rejection of any fundamental critique of the global capitalist economy, instead preferring to call for its moderation and not fundamental change. Without generalisations, it does seem clear that transforming the ITUC will be work of decades (assuming it will finally succeed) and we may need to evaluate whether it will ultimately pay off or we rather focus our energies elsewhere.
>
> "In the meantime, the centre of gravity of our international policy must be placed on organising the Global South, key to which shall be the African trade union movement, into a mighty, militant and progressive movement, always acting in the best interests of workers and the continent's intention to defeat underdevelopment and the stranglehold of global capitalism. SIGTUR has a huge potential to be such a strategic platform and must be harnessed effectively for that." [504]

SIGTUR stands for Southern Initiative on Globalisation and Trade Union Rights (SIGTUR). It was initiated by COSATU in the 1980s as a response to neoliberalism encroaching on the Global South, in order to strengthen South–South collaboration in the international trade union movement.

Recently, there has been further radicalization within the South African trade union movement. Criticism of the ANC's neoliberal policies abounds, and the National Union of Metalworkers of South Africa (NUMSA) has emerged as a leader in this regard. The ANC's economic policies helped create small Black upper and middle classes, but the vast majority of Black workers have become even more impoverished. This has resulted in numerous strikes, especially among miners and the rural proletariat. Many of these have been met with brutal police violence. The most notable example was the massacre in Marikane in August 2012, when police opened fire on striking miners, killing forty-four and injuring seventy-eight of them. The incident became a turning point in South African politics; its

significance has been compared to the 1960 Sharpeville massacre during the apartheid regime.

NUMSA has 230,000 members and was the single largest union in COSATU before it was expelled in 2014. While NUMSA wished to cut ties with the ANC entirely, COSATU still honors its strong historical ties to the organization, with which it collaborated closely during the anti-apartheid struggle. At NUMSA's congress in 2013, it paid homage to the recently deceased Nelson Mandela, recalling his words at the COSATU congress of 1993: "You must be vigilant! How many times has a labour movement supported a liberation movement, only to find itself betrayed on the day of liberation? There are many examples of this in Africa. If the ANC does not deliver the goods you must do to it what you did to the apartheid regime." [505] The congress specifically criticized the ANC for having replaced its 1955 Freedom Charter, a militant program challenging the existing property relations in South Africa, with policies cementing these very property relations to please industrial and finance capital. NUMSA claimed that COSATU was facing an internal struggle between forces loyal to the ANC and advocates of independent, anticapitalist trade unionism, and called on COSATU to break with the ANC and to instead focus on building a popular trade union movement to coordinate workplace struggles. According to NUMSA, this strategy worked during the anti-apartheid struggle and should now be employed to build what the organization calls a "movement for socialism." When NUMSA refused to support the ANC in the 2014 general elections, COSATU moved to expel the union. The COSATU leadership reject the accusation that the ANC has entered into an alliance with white monopoly capital.

In 2017, NUMSA founded the South African Federation of Trade Unions (SAFTU); with seven hundred thousand members from twenty-four trade unions, SAFTU is now the second largest workers' federation after COSATU, and many former COSATU members can be found within its ranks. [506]

After the fall of the apartheid regime, the national liberation struggle in South Africa did not continue as an economic and social struggle. The land is still mainly owned by the descendants of white settlers. South Africa's rich gold and diamond mines are in the hands of transnational corporations. The apartheid regime's defeat coincided with the neoliberal offensive and the end of actually existing socialism. The ANC adopted liberal

parliamentary democracy and championed “national reconciliation,” signaling that economic relations in the country would remain untouched.

The working class has grown increasingly frustrated with the liberation process having stopped halfway. This is why radical trade unions gain traction. South Africa is a powder keg. There are huge social problems, numerous grassroots organizations, and lively public debate. South Africa’s political development in the coming years will be of great importance for the entire continent.

Social Unions in India

Since independence in 1947, Indian trade unions have been closely affiliated with different political parties. Their work has focused on the parliamentary system and central decision-making. But the workers represented by these trade unions are almost exclusively long-term employees in the formal sector. Workers in the informal sector, who make up 94 percent of India’s workforce, are generally seen as competitors. [507] This is also true for temporary workers in the formal sector. The difference in wages between long-term employees and temporary workers is 5:1. [508] Indian trade unions have long fought for regulations prohibiting temporary labor contracts at unionized workplaces; this fight has never been successful. The conflict between long-term employees and temporary workers is just one of the rifts, along with the caste system and religious sectarianism, that characterize the Indian workers’ movement.

The Indian government responds to labor unrest with harsh repression. Labor organizers and militants are often beaten and arrested. The traditional trade unions pose very little opposition to capital and the state. But at workplaces around the country, in a situation similar to the one in China, new independent trade unions, often with a syndicalist bent, have appeared. They focus on solidarity and collaboration between long-term employees and temporary workers. The new workers’ movement first took shape in India’s fast-growing automobile industry in 2012. Today, it is particularly strong in the industrial region of Gurgaon, west of Delhi. [509]

The main form of organization within the informal sector has, for decades, been the *social union* . Social unions differ from traditional unions in that they see themselves tackling broader issues, not limiting their agenda to wage negotiations and the improvement of working conditions. One

example of such a union is the Self-Employed Women's Association (SEWA), which has proven that it is possible for one of the most vulnerable groups on the labor market to organize against global capital.

In the beginning, SEWA belonged to a traditional union, the Textile Labour Association (TLA), founded by Mahatma Gandhi in 1920. [510] SEWA was a TLA branch for women working at home and peddling goods on the street. It united women workers without stable wages or contracts. In 1982, SEWA was expelled from the TLA because its growing influence bothered long-term employees; but even left to fend for itself, SEWA continued to grow. By 2012, it had 1.3 million members. Members receive health insurance, micro credits, and legal aid. SEWA also runs schools teaching women reading, writing, and mathematics, and it arranges childcare. The organization's efforts go way beyond those of traditional trade unions. SEWA arranges direct contact between women artisans and vendors to avoid middlemen who would take a significant share of their income. In rural areas, SEWA has built cooperatives, and on the international level, SEWA has brought the needs and interests of women homeworkers to the attention of the ILO. It has also inspired similar organizations in South Africa, Yemen, and Turkey.

Despite protests from the traditional Indian trade union movement, SEWA was accepted as an ITUC member in 2006. However, ITUC still does little to support workers in the informal sector. There are no departments or projects dedicated to this task. [511]

SEWA is growing particularly in areas where disillusionment with the traditional Indian trade union movement runs deep. It will be very interesting to see whether SEWA's efforts in establishing cooperatives for homeworkers will have an impact on the global chains of production in the textile industry, homework being of crucial importance for industry giants such as H&M.

Perspectives for the International Trade Union Movement

Neither the ILO nor ITUC are able to meet their (modest) goals. One major reason is that they are composed of actors prioritizing national interests, and national interests vary greatly. It is near impossible to formulate common goals in labor policy. The consequence is that governments (in the ILO) and trade union associations (in ITUC) focus even more on their national

agendas. An example is the response to neoliberal "free trade." The different ways that trade unions in the Global North and the Global South approach the question caused great conflict at the 2008 WTO summit. The European Metalworkers' Federation (EMF) issued a joint statement with the European Automobile Manufacturers' Association (ACEA) demanding reciprocal market access in the Global South. [512] For COSATU, the EMF's cooperation with European employers in demanding equal market access represented a betrayal of ITUC unity. [513]

Neither the ILO nor ITUC support the growing workers' movement in China. This undermines their credibility. ITUC has also ignored the criticisms of Global North dominance raised by South African trade unions. If the ILO and ITUC are going to be at all relevant to workers' struggles in the twenty-first century, they must abandon the national paradigm and develop a global perspective. But it is unlikely that this will happen, especially in the case of the ILO. As a UN agency, it is destined to prioritize the national paradigm. With respect to ITUC, there are at least some signs that things might be changing. A resolution passed at its 2010 congress states:

> "The economic crisis has clearly highlighted the increasing mutual dependence of countries and people as a result of globalisation. It has also demonstrated the limitations and weaknesses of the current system of global governance. A new globalisation model must affirm the principles of global social and economic justice, human solidarity and the democratisation of global power relations. Congress demands fundamental reform in the internal governance of intergovernmental organisations, especially the International Monetary Fund (IMF), the Financial Stability Board (FSB), the World Bank and the World Trade Organisation (WTO), to improve the representation of developing countries and guarantee full democracy." [514]

ITUC has the potential to develop a global strategy that can take on global capital, but doing so will require that it overcome the problems that country-based member structures imply. Most importantly, the historical dominance of trade union associations from the Global North needs to end. ITUC must be restructured in a way that considers the interests of the majority of workers around the world.

In May 2014, ITUC held its third congress. The concluding statement read:

> "The trade union movement is making a difference globally; for domestic workers, for workers trapped in modern slavery in Qatar and elsewhere, in confronting corporate power, formalising informal work, organising migrants across borders, building social protection, delivering strong collective agreements and minimum wages, establishing new rights and defending existing fundamental rights in law and practice. We are at the forefront of the struggle for climate justice. We must build on these achievements, through unified and global trade union action, to realise a democratic and progressive social and economic system for all the world's people. This congress will deliver action frameworks to ensure: union growth; sustainable jobs, secure incomes and social protection; and fundamental rights." [515]

These are noble ideals, but they will be very hard to realize as long as powerful labor organizations from the Global North dominate the international trade union movement. It remains to be seen whether ITUC will really be able to develop a perspective based on long-term global interests. Otherwise, it will remain irrelevant where it could have its greatest impact, namely among the millions of unorganized workers in Asia.

Currently, ITUC's priority remains defending the capitalist welfare state, no matter how futile this may seem. ITUC criticizes neoliberal globalization, but not capitalism as such. It believes that the way forward for the Global South lies in copying the trade union movements of the Global North. With regard to China, ITUC wants to make the country's labor movement more independent from the government. It echoes the principles of *Solidarno* ść under the state socialist regime in Poland. It seems that its primary motivation is to damage the Chinese regime rather than to support the Chinese working class. The All-China Federation of Trade Unions has proven more effective in improving the conditions of workers than any independent trade union in the Global South.

There are also problems with ITUC's visibility. ITUC unites 176 million workers from 325 trade unions in 161 countries. Formally, this makes it the largest transnational movement on the planet. But how often do

you hear about ITUC in the media? How relevant is it in the lives of its members? How many of them even know that it exists?

The traditional trade union movement of the Global North has been significantly weakened. Neoliberalism and deindustrialization have pushed it to the political sidelines. Globally, however, the industrial working class is bigger than ever. The question is: how will it organize? Most trade unions in the Global South have their origins in the anti- colonial struggle. They were often tightly linked to the nationalist parties who lead this struggle and, in many cases, seized power. This means that most trade unions in the South have a corporatist orientation.

During the past thirty to forty years, many nationalist governments in the Global South have deteriorated into corrupt and despotic regimes. Economically, they have been swamped by neoliberal globalization. The trade unions that exist are not very relevant to the new industrial proletariat. They are incapable of securing higher wages and better working conditions for the majority of workers.

What provides hope are the new labor movements that have emerged in China, Vietnam, Bangladesh, India, and South Africa. In these countries, there are strikes and workplace occupations carried out without the support of the traditional trade unions. It is unlikely that the new labor militants will copy the traditional trade union model, with its bureaucracy, top-down leadership, affiliation to political parties, and subjugation to state regulations. Direct action led by local organizers has proven much more effective. If future trade union movements are going to be of any relevance, they must be based on the new wave of radical workers' struggles in the Global South. These struggles challenge not only capital but also the trade unions that, by cooperating with the state, have become agents of neoliberalism.

The millions of new proletarians concentrated in the factories of the Global South will not accept global capitalism's glaring inequalities much longer. If recent decades were characterized by the establishment of a globalized market for commodities and money, the coming decades will be characterized by demands for global wages and the free movement of people. The trade union movement *can* play a central role in this process—but only if it frees itself from the top-down leadership of organizations like ITUC. Instead, it must be rebuilt from below by the migrant laborers of China, the miners of South Africa, and the women workers of India.

chapter 10.

Communist Parties and Social Movements

BY THE 1980S, THE NATIONAL LIBERATION movements and most communist parties were running out of steam. By the end of the decade, what many had thought impossible only a few years earlier had become a reality: the Soviet Union was collapsing. It was replaced by a regime embracing neoliberal capitalism. The new bourgeoisie consisted of both the old Party apparatus and new actors. The standard of living of the working class fell. Real income was cut in half by 1995, [516] between 1989 and 1993 the birth rate fell by 36 percent, life expectancy in 1993 was 57.3 years compared with 65.5 in 1990—similar to that of India. [517] The total population of the former Soviet republics decreased by close to two million people throughout the 1990s, and by another three million in the early 2000s. The historian Curt Sørensen writes: “New research shows that between 6 and 7 million people died during this period due to harsh circumstances. If these calculations are correct, then the death toll of the economic shock therapy of the 1990s approached the one of the famine caused by Stalin’s enforced modernization during the 1930s. In both cases, it was measures imposed on the people from above.” [518]

Yet I do not want to analyze the transformation of the Soviet Union in this chapter. Of more relevance to this book is the development of China and its Communist Party. To understand this development we must acknowledge the country’s revolutionary history, its current status as the world’s biggest industrial nation, and the fact that it is led by the largest communist party in the world. I also want to look at the legacy of the national liberation struggles. I have chosen the Zapatistas as an example. They may be a humble movement in a part of the world that is not particularly important to the global economy, but they have renewed both radical theory and practice. Finally, I want to look at the global networks that were created to counteract global capitalism. The example I have chosen here is the World Social Forum.

Socialism, the Chinese Way

China has undergone enormous changes in the past three decades. The country has changed internally and has become an important power globally. It has transformed an isolated planned economy, more or less detached from the global market, into a dynamic form of state capitalism, firmly integrated into the global chains of production. China's industry has become largely export-oriented, foreign trade accounting for 70 percent of its economy. In comparison, foreign trade makes up only 24 percent of the US economy. In fact, a large portion of China's exports go to the US. In order to produce and export its industrial goods, China imports capital, energy, raw materials, technology, and design. It contributes to the global chains in two ways that would be much more costly in the Global North: labor, and the pollution of land, water, and air. For many years, China has had the most rapid rate of economic growth in the world. Today, it occupies a central position in the world economy. Does this mean that the Communist Party of China has betrayed socialism? Is China on the way to becoming a capitalist country like Taiwan or South Korea? Will it develop into a new imperialist superpower? To answer these questions, we need to look more closely at the Communist Party of China and its socialist strategy.

- *The Revolution*

In 1820, China was the world's largest economy, accounting for 33 percent of the world economic output. By 1950, China's share of the global economic output was reduced to less than 5 percent. [519] China was never properly colonized, but it became a semi-colonial country, in which foreign powers in enclaves around Shanghai and other big cities enjoyed extraterritorial privileges such as their own administration, courts, and police. After China lost the Opium Wars in the mid-nineteenth century, British and American traders flooded the country with opiates. Millions of Chinese became addicted and foreign powers took home many of China's silver coins. The British and the French also imposed war indemnities on China of 32 million ounces of silver, which China had to borrow from British and French banks. [520]

The weakening of the Chinese Empire caused resentment toward Western political and economic influence. In 1898, the so-called Boxer Rebellion broke out. Eight foreign powers—Japan, Russia, the USA, Great

Britain, France, Germany, Austria, and Italy—sent troops to crush the uprising. This time, they imposed war indemnities on China of 450 million ounces of silver. The former mighty empire had been brought to its knees.

In 1904–1905, the Russo–Japanese War in the country's northeast triggered a nationalist revolutionary movement under the leadership of Sun Yat-sen. This eventually led to the republican Xinhai Revolution of 1911, which ended the Qing dynasty and four thousand years of monarchic rule. But the revolution failed to create national unity—China was now fragmented. The next years were characterized by peasant uprisings and feuds between different warlords.

The Communist Party of China was founded in Shanghai in 1921 by thirteen Chinese delegates and two representatives of the Comintern. [521] It was loyal to Moscow and hailed the working class as the vanguard of the revolution. After the infamous 1927 Shanghai massacre, in which thousands of workers were killed and many communist leaders murdered, the Party changed its strategy. In reference to the seminal peasant movement in Hunan Province, Mao wrote:

> "In a very short time, in China's central, southern and northern provinces, several hundred million peasants will rise like a mighty storm, like a hurricane, a force so swift and violent that no power, however great, will be able to hold it back. They will smash all the trammels that bind them and rush forward along the road to liberation. They will sweep all the imperialists, warlords, corrupt officials, local tyrants and evil gentry into their graves. Every revolutionary party and every revolutionary comrade will be put to the test, to be accepted or rejected as they decide. There are three alternatives. To march at their head and lead them? To trail behind them, gesticulating and criticizing? Or to stand in their way and oppose them? Every Chinese is free to choose, but events will force you to make the choice quickly." [522]

The Communist Party chose to go ahead and lead the peasant movement in a people's war. Instead of granting the peasants private property rights to land, the communists guaranteed them the right to use the land once the revolution had defeated the landowners and the Japanese imperialists. This prevented the development of capitalist agriculture in China. The concept of a people's war was more than just a military strategy, it was also a political strategy, which included land reform, a new revolutionary subject, and a

new communist form of democracy, the “mass line.” Not only workers but also (especially) peasants had to be mobilized. Revolutionary committees were established with members coming mostly from the lowest social strata; very few had elite backgrounds. Mao coined the slogan: “From the masses, to the masses,” suggesting that you had to go to the masses, learn from them, and act accordingly. Politics had to be mass-based. They were not interested in “enlightening” the masses. [523]

Compared with the Russian Revolution, the Chinese Revolution was a long process that took twenty years to complete. The Chinese approach to revolution was more complex than the Leninist one, in which seizing state power was central. In Mao’s understanding, the revolution consisted of waves and stages. For him, class struggle had not ended with the proclamation of the People’s Republic of China in 1949. Class struggle, and therefore the revolutionary process, continued. This view was central to the ideological conflict between China and the Soviet Union in the 1960s. The Soviet leaders claimed that class struggle had ended in actually existing socialism, which prompted the Chinese to call them revisionist. According to the Communist Party of China, a new upper class had assumed power in the Soviet Union. The Great Proletarian Cultural Revolution in China, launched in 1965, was, in Mao’s words, the “continued revolution under the dictatorship of the proletariat.” The idea that revolution is an ongoing process, with breakthroughs and setbacks and dialectical progress, is still at the heart of the Communist Party of China—something that needs to be considered when analyzing the current situation in the country.

- *The Mao Era*

The land reform that followed the revolution in 1949 collectivized property and gave small farmers the right to use the land. The significance of this reform can’t be overstated: by handing people a piece of land to use, the Chinese communists handed the people a reason to support the communist state. It brought a divided nation together.

In 1949, life expectancy in China was 38 years. In 1970, it was 68 years. People’s health in rural areas improved dramatically. The “barefoot doctor” system was lauded by the United Nations; directed at the rural poor, it focused on prevention, combining both Western and Chinese medicine. [524]

China’s GDP grew between 1952 and 1978 at an average annual rate of 6.2 percent. By the end of this period it had tripled; industrial production then already contributed more to the GDP than agriculture, [525] with China’s industrial sector stronger than that of almost any other developing country. [526] Even if rural development was delayed by industrialization (which required rapid accumulation of capital from the agricultural sector), the quality of life in rural China had improved considerably by the 1970s. China’s development was still decades behind that of the United States, but it was already on a par with middle-income countries in terms of life expectancy, infant mortality, and education. [527] A 1983 World Bank report acknowledged this:

> “Nonetheless, and despite slow growth of the average level of consumption, China’s most remarkable achievement during the past three decades has been to make low-income groups far better off in terms of basic needs than their counterparts in most other poor countries. They all have work; their food supply is guaranteed through a mixture of state rationing and collective self-insurance; most of their children are not only at school, but being comparatively well taught; and the great majority have access to basic health care and family planning services. Life expectancy—whose dependence on many other economic and social variables makes it probably the best single indicator of the extent of real poverty in a country—is … outstandingly high for a country at China’s per capita income level.” [528]

Infrastructure projects were a key factor for China’s development during this period. Most importantly, the major rivers were developed: between 1949 and 1976, embankments with a combined length of two hundred thousand kilometers were built, and 302 large, 2,110 medium, and 82,000 small dams were constructed. These projects formed the basis for modern irrigation systems and agriculture, brought electricity to rural areas, and prevented flooding that, over centuries, had cost thousands of lives. [529]

China’s development after the revolution depended on the support of the Soviet Union. China delinked from the capitalist world market—a decision that was not necessarily voluntary, as the US and Western Europe tried to isolate the “Yellow Peril,” now considered even more dangerous than the “Red Scare.” China developed nuclear and hydrogen bombs, built steelworks, spacecraft, airplanes, and heavy industrial equipment. It rapidly

expanded health services and education. The power of workers and peasants increased significantly, especially compared with other countries at the periphery or semi-periphery of imperialism. China was building a socialist society.

- *The Dialectics of Nationalism and Socialism*

Anti-imperialist movements included both nationalist and socialist features. Their aims were twofold: politically, they wanted to establish a strong independent state and free themselves from imperialism; and, economically, they wanted to end the exploitation of workers and peasants by introducing socialism. Economic liberation proved much more elusive than political liberation, in China as elsewhere. The Communist Party of China was certainly Marxist-Leninist, but nationalism was always an important factor. China relied on national unity and its powerful past provided a much needed ideological reference point.

Mao was aware of the tensions between nationalism and socialism. He tried to ensure that the People's Republic was socialist and didn't lose sight of the ultimate goal, a classless society. During the conflict with the nationalists under Chiang Kai-shek, as well as during the war against the Japanese imperialists, the People's Liberation Army established socialist forms of production and administration in the areas under its control. These efforts continued after the revolution. Historian Zheng Zhenqing writes:

> "From 1952 to 1956, state ownership rose from 19.1 percent to 32.2 percent of the economy; cooperatives increased from 1.5 percent to 53.4 percent, and joint state-private ownership increased from 0.7 percent to 7.3 percent. Meanwhile, the individual economy fell from 71.8 percent to 7.1 percent, and the capitalist economy fell from 6.9 percent to zero. State ownership, cooperatives, and joint state-private ownership together accounted for 92.9 percent of the economy." [530]

- *The Great Leap Forward*

Mao was critical of the Soviet model of economic development, in which the agricultural sector was used to create surplus in order to finance the development of industry and the creation of a bureaucratic elite. Mao insisted on a Chinese version of socialism, in which the modernization of

industry and the collectivization of agriculture would go hand in hand. This was the so-called Great Leap Forward of 1958–1961.

Some scholars have painted a dire picture of the Great Leap Forward, claiming that it caused a famine the likes of which was unprecedented in Chinese history. When Deng Xiaoping came to power in 1978, the government released figures suggesting that 16.5 million people had died. This was reiterated in a stream of books portraying the Mao era as one of ceaseless human suffering. The first sentence of Jung Chang and Jon Halliday's *Mao: The Unkown Story* reads: "Mao Tse-tung, who for decades held absolute power over the lives of one-quarter of the world's population, was responsible for well over 70 million deaths in peacetime." [531] In his 2010 book, *The Tragedy of Liberation* , the historian Frank Dikötter puts the death toll of the Great Leap Forward at forty-five million people. [532]

The Indian economist Utsa Patnaik has refuted these claims and considers them ideologically motivated. [533] Trade union activist Joseph Ball has pointed out that "there seems to be no way of independently authenticating these figures due to the great mystery about how they were gathered and preserved for twenty years before being released to the general public." [534] Historian Dongping Han, who grew up in rural China during the Great Leap Forward and has done extensive research on the subject, also doubts the numbers. No one denies that people in the countryside suffered during the Great Leap Forward. But China experienced serious natural disasters during this period, and the suffering was not necessarily the consequence of the new economic policies. People living in the city of Baoding in Hebei Province published a collection of memoirs titled *During the Difficult Days* . They describe how, amid severe grain shortages, people worked together and supported one another. Local officials shared the hardship of the common people. [535] William H. Hinton, an American farmer who spent several years in China and authored the influential book *Fanshen: A Documentary of Revolution in a Chinese Village* , observed: "Isn't it indeed strange that this famine was not discovered at the time but only extrapolated backward from censuses taken 20 years later, then spinning the figures to put the worst interpretation on very dubious records." [536]

A case study carried out by historian Mobo Gao confirms that there was widespread famine in China in 1959–1960, but that there is much uncertainty about the causes and the role played by the Great Leap Forward.

[537] It must not be forgotten that natural disasters and famine were by no means new phenomena in China. They had haunted the population for centuries, sometimes claiming millions of lives. The famine of 1959–1960 was the first and only famine during Mao's thirty-year rule and, in fact, during the entire history of the People's Republic. This is not a coincidence and cannot be attributed to sheer luck. It is a result of the massive infrastructure projects and the technological development initiated during the Mao era. [538]

Nonetheless, the difficulties experienced in the early 1960s weakened Mao's position within the Communist Party and strengthened a right-wing, nationalist line, at that time represented by Liu Shaoqi. Mao's response was to launch the Great Proletarian Cultural Revolution in 1965.

- *The Great Proletarian Cultural Revolution*

China's planned economy fostered a technocratic elite with many social and material privileges. This was very similar to what had happened in the Soviet Union. Significant factions in the Communist Party of China, however, were eager to counteract the bureaucratization of the revolution and the emergence of a new ruling class. Their answer was a radical experiment in direct democracy. In 1957, Mao famously stated, "Let a hundred flowers bloom and a hundred schools of thought contend," encouraging the people to criticize the practices of the Communist Party and its leaders. This did not bring about the desired results, and so a decade later Mao decided on a more pro-active approach: he mobilized masses of workers, peasants, and students in a Cultural Revolution, launched under the slogan "Bombard the Headquarters!"

Mao's idea of the Cultural Revolution was summarized in a document known as the "Sixteen Points." [539] It defined three stages: to engage in struggle against the authorities, to criticize capitalist ideas, and to carry out reform. The people of China were urged to rise up against established ideas and habits, especially those espoused by old and new elites. All state institutions needed to be reformed. Criticism and self-criticism were declared the basis of progress. [540]

One of the most important accomplishments of the Cultural Revolution was the empowerment of ordinary people and the democratization of Chinese society. It established a strong sense of egalitarianism. During the

Cultural Revolution, administrators were required to participate in manual labor, while workers were making administrative decisions. People's mindsets and outlooks were fundamentally changed—indeed, it was a cultural revolution. But how was this achieved?

In May 1966, Mao sent a letter to Lin Biao, head of the People's Liberation Army. [541] Mao demanded that regular soldiers as well as officers should engage not only in military training but also in cultural studies and agricultural production. It was a challenge to the mentality of capitalist wage labor: work was not merely done to earn money, but to become a revolutionary subject. Mao knew that the division of labor could not be entirely abolished. Yet, any worker could do *some* agricultural work, and any peasant could do *some* industrial work. This was deemed important. Soldiers, students, and Party officials were expected to line up alongside the workers and peasants in their efforts. [542]

The Cultural Revolution was meant to ensure that the struggle against capitalist influence in Chinese society and in the Communist Party would not falter. This was seen as mandatory for building socialism, both nationally and globally. Predictably, the Cultural Revolution deepened the divide between Mao's class struggle line and the nationalist line represented by Liu Shaoqi and Deng Xiaoping. They all wanted to restore China as a world power, but differed strongly in their thoughts on what that meant for China's relationship to capitalism. [543] Mao understood how tightly capitalism and imperialism were connected. He knew that China might easily be absorbed by the capitalist world system and feared that this would turn China itself into a capitalist and imperialist power. He hoped that the Cultural Revolution would help prevent this. In 1964, he wrote:

> "Class struggle, the struggle for production and scientific experiment are the three great revolutionary movements for building a mighty socialist country. … If in the absence of these movements, the landlords, rich peasants, counter-revolutionaries, bad elements and monsters of all kinds were allowed to crawl out, while our cadres were to shut their eyes to all this and in many cases fail even to differentiate between the enemy and ourselves but were to collaborate with the enemy and were corrupted, divided and demoralized by him, then it would not take long, perhaps only several years or a decade, or several decades at most, before a counter-revolutionary restoration on a

> national scale inevitably occurred, the Marxist-Leninist party would undoubtedly become a revisionist party or fascist party, and the whole of China would change its colour." [544]

Mao denounced the cadres who wanted to use capitalism to restore China's power, calling them "capitalist roaders." Yet his strategy did not succeed; while the Party leadership applied Mao's class-struggle rhetoric against traditional class enemies such as landowners and foreign imperialists, it refused to apply it to the Party leadership itself. The new political elite felt they were entitled to certain privileges and were unwilling to let them go.

Mao did not have a well-developed plan for the Cultural Revolution. Much was left to improvisation and spontaneity, which led to unexpected developments and turns of events. [545] Fred Engst, who grew up in China after his parents moved there in the 1950s to be part of the revolution, cites the "immaturity of the working class" as the main reason for the Cultural Revolution's shortcomings:

> "They could not overcome contradictions between themselves. They could not avert factional fights. At the beginning of the Cultural Revolution, the problem was how to wake the masses rise up. After the masses rose up, overcoming factionalism became the key issue. The immaturity of the working class was demonstrated most vividly by the conservatives who did not hesitate to use arms to suppress the rebels who criticized the leader. When you use arms to suppress the others who criticize the leader, you give up your own right to criticize. That is what I call 'immaturity of working class.' The working class was divided. The capitalist roaders were united. The number of cards that revolutionary leaders could play were getting fewer and fewer. So they got backed into a corner." [546]

While Mao still seemed to be in political control of the country, Liu Shaoqi and Deng Xiaoping's influence within the Communist Party increased. At the 1969 Party congress, Mao felt power slipping away from him. The Great Proletarian Cultural Revolution had lost momentum and Deng Xiaoping's future leadership was already on the horizon. Mao's fears were confirmed: the Communist Party of China was ready to embrace capitalism.

Deng Xiaoping assumed official leadership of the Party in 1978, two years after Mao's death. The Cultural Revolution had caused economic and

political instability, the Soviet Union was preoccupied with its own problems, and the global left was in decline. Deng was set to return China to its previous glory with the help of capitalism. Mao's line was abandoned. As far as socialism was concerned, Deng had a very pragmatic approach: "It doesn't matter whether a cat is white or black, as long as it catches mice." [547]

- *Dengism*

Deng Xiaoping wanted to use elements of capitalism to create a strong and prosperous nation under the leadership of the Communist Party. He did not introduce economic shock therapy, the way Yeltsin would in Russia; elements of capitalism were to be introduced gradually. "Groping for stepping stones to cross the river," became a popular slogan. [548]

Deng targeted the agricultural sector first. Collectivization was ended and the land divided into small family plots. Market mechanisms were used for the distribution of agricultural products. In 1980, Special Economic Zones for foreign capital investment were introduced. [549] In 1988, the ban on internal labor migration was lifted, prompting the migration of millions of low-wage laborers from rural areas to the industrial zones in the country's south. [550] This was a critical step in China's development to become the world's leading industrial producer. Unleashing market forces caused growing inequality and social contradictions, which were one reason for the 1989 uprising. Unperturbed, Deng Xiaoping pursued his unique version of socialist modernization by popularizing the slogan: "Let some people get rich first." [551] In a CBS interview three years earlier, he had explained his approach:

> "During the 'cultural revolution' there was a view that poor communism was preferable to rich capitalism. … According to Marxism, communist society is based on material abundance. Only when there is material abundance can the principle of a communist society—that is, 'from each according to his ability, to each according to his needs'—be applied. Socialism is the first stage of communism. Of course, it covers a very long historical period. … There can be no communism with pauperism, or socialism with pauperism. So to get rich is no sin. However, what we mean by getting rich is different from what you mean. Wealth in a socialist society belongs to the people. To

> get rich in a socialist society means prosperity for the entire people. The principles of socialism are: first, development of production, and second, common prosperity. We permit some people and some regions to become prosperous first, for the purpose of achieving common prosperity faster. That is why our policy will not lead to polarization, to a situation where the rich get richer while the poor get poorer. To be frank, we shall not permit the emergence of a new bourgeoisie." [552]

In 1992, the Communist Party of China decided that its members would be allowed to become managers of private companies. A few years later, most of the country's small and medium companies were privatized, sold for prices way below their actual value. The buyers were political officials, former managers of state-owned companies, and private capitalists with good connections to the regime. Big companies in key industries remained under state-control, which helped the Party retain control of the national economy. [553]

After Deng Xiaoping's death in 1997, Party General Secretary Jiang Zemin continued in his footsteps. In 2002, China joined the World Trade Organization; by this point, the new capitalist class had long since been legitimized by the Party. At its Sixteenth Congress in 2002, it was made clear that the Party represented not only the interests of the "masses of the people" but also those of the "most advanced productive forces"—a euphemism for the new capitalists. As we saw in the previous chapter, Chinese workers did not sit idly by watching these developments as they redefined their lives. Many resisted Dengism. Under the leadership of Hu Jintao, Party general secretary from 2002 to 2012, there were improvements in pensions, health insurance, social welfare programs, and labor market regulations. The official goal was to create a "harmonious socialist society." This was a direct response to the workplace uprisings.

From a nationalist perspective, Dengism was a success. Today, China is, once again, one the world's great powers. From a socialist perspective, Dengism has a dubious record. China has gone from being one of the world's economically most equal countries to one of the world's most unequal. The Gini index measures economic inequality: 0 means complete equality, while 1 indicates complete inequality (which would be reached if the entire wealth of a country was owned by only one person). Today, China's Gini index is 0.7; during the Mao era, it was 0.29. [554] In 2006,

according to the World Wealth Report, 0.4 percent of the richest families in China controlled 70 percent of the national wealth. In 2006, 3,200 people had personal capital of over one hundred million yuan (roughly US$15 million). Of these 3,200 people, 2,900 (90 percent) were the children of leading government and Party officials. [555]

The prosperity of the new capitalist class is based on the wealth accumulated by state-owned companies and collectives during the Mao era. It has been estimated that through privatization about thirty trillion yuan (roughly US$4,500 billion) were transferred from public assets to private accounts. [556] Many of these are owned by businesspeople with close connections to the government. One of China's former prime ministers, Wen Jiabao, is today one of the richest people in the world, while his son owns China's largest private company and his wife Zhang Beili is known as the "diamond queen" for her position in China's jewelry industry. Wen's family has accumulated about thirty billion yuan (roughly US$4.3 billion). The wealth of Jiang Zemin has been estimated at seven billion yuan, and that of another former premier, Zhu Rongji, at fifteen billion yuan. [557] China's Party officials have come a long way since Mao, who had no personal possessions and left nothing when he died. [558]

China's integration into the global capitalist economy has been very different from that of India, South Africa, or Brazil. The reasons why all these countries attract big foreign investors are the same: low wages, a comparatively well-educated, healthy, and disciplined workforce, and a modern and effective infrastructure. The difference between China and the others is that its integration into the world market is not based on a neoliberal national economy but on state capitalism built around a planned economy. This doesn't always make a big difference on the ground, however. Low wages and hazardous working conditions in sweatshops and factories do not make the Communist Party's claim that China is on the road to socialism appear very convincing.

According to the Communist Party of China, state capitalist development has three goals: to establish a highly developed, integrated, and diversified industrial sector, to establish a sound balance with the agricultural sector, and to make a planned national economy (which includes a state-controlled finance sector and state ownership of the land) an important factor in the world capitalist system. [559] The critical question is whether China's industrialization will indeed create an economic basis for

socialism, or whether it will simply turn into a capitalist economy controlled by a national bourgeoisie making any form of socialism utterly impossible.

Between 1954 and 1980, companies and land in China were nationalized and a planned economy was introduced. The agricultural sector became very efficient and infrastructure projects lay the foundation for industrialization. During these decades, the basis for today's state capitalist system was laid. In the 1980s, the government eased the restrictions on private enterprise, and in the 1990s, private enterprise was actively encouraged. It was always imperative, however, for the Chinese government to control private capital within the framework of a planned economy. Private capital couldn't just do what it wanted, as restrictions remained on the location, form, and function of private businesses.

Communist Party officials argued that private enterprise was necessary to avoid the economic stagnation experienced by the Soviet Union. In terms of economic output, China's state capitalism has indeed brought astonishing results. Over the past twenty years, industrial jobs have been created for four hundred million people (roughly, the population of Europe). China's economy remains relatively independent but has become very diverse and highly developed. It was just decades ago, that China exported little more than textiles and shoes. Today, machines and consumer electronics dominate Chinese exports, with cars, high-speed trains, and airplanes on the way. [560] China accounts for about 50 percent of the world's cement production. [561] Within a span of sixty-five years, China has gone from being a poor, primarily agricultural country to being the world's most important producer of industrial goods. What China's planned economy remains responsible for are the ongoing, and often enormous, infrastructure projects: housing for millions of new urban proletarians as well as the roads, ports, dams, and power lines required by industrialization.

Only time will tell if the planned economy will survive China's integration into global capitalism, or whether China will become a neoliberal country like all the others. China's economic growth certainly can't be detached from neoliberalism. It was neoliberalism that demanded cheap labor and efficient infrastructure in the Global South, and China delivered. But both the financial crisis of 2007 and increasing unrest on the Chinese labor market have cast a shadow over the success story. The

Communist Party now focuses on the domestic market and the development of previously neglected regions such as western China.

Along with countries like India, South Africa, and Brazil, China is sometimes referred to as "sub-imperialist." Those who use this category cite China's investments in Africa, where it extracts raw materials and has become a player in the lucrative mining industry. But the term "sub-imperialist" blurs the fundamental differences that exist between these countries and the imperialist powers. China is looking for resources in Africa, but the net result is a massive value transfer to the Global North. Most of the imported raw materials are used by China's export-oriented industries. What we see, therefore, is Northern consumption disguised as Chinese consumption. China's policies in Africa (and elsewhere) certainly do have an exploitative character, and this would remain so even if China were to delink from Western imperialism. This will only be exacerbated if China continues to prioritize the comprador capitalist aspect of its economy over the national one.

Some analysts suggest that China will replace the Triad as the world's hegemonic capitalist power, thereby becoming the savior of capitalism. There is a demographic argument that speaks against this, though, as the Chuang collective explains:

> "China itself, in its period of opening, was able to offer an almost unimaginably large, well-trained and highly literate workforce for capitalist production. The Chinese labor force during its opening to the market was roughly equivalent to the size of the labor force in all developed countries—including Japan—combined. There is simply no place in the world that has a comparable population that has not yet been fully incorporated into global production. So a productive upswing, initiated by Chinese investment, would have to rely on a massive stimulus effort capable of yoking together extremely disparate populations in South/Southeast Asia, the Middle East, Latin America and, most importantly, Africa. … British and US expansion took place in favorable demographic conditions, and these conditions shaped their 'style' of hegemony. … So it's extremely unlikely that China, faced with unfavorable demographic conditions and the continuing military dominance of the US, would somehow be able to ascend to global hegemony short of some massive global catastrophe—and it should be

> noted that even the US was unable to make this ascent without the aid of two world wars and a decade-long global economic collapse, despite favorable demographics and geography." [562]

The current Chinese model of capital accumulation is based on the exploitation of cheap labor. The source of cheap labor is about to run dry, however. The industrialization of China has led to the massive exploitation of the country's natural resources and to enormous environmental problems. China's industrial cities are plagued by pollution, not least because China is dependent on coal for about 75 percent of its energy consumption. Yet air pollution is only one of several ecological crises that China is facing. According to the International Finance Corporation, China is expected to have a water deficit of 25 percent in 2030 due to the constant increase in water usage by agriculture, industry, and the urban population. [563] As a result of both climate change and the lack of water, China's corn production risks falling by 18 percent by 2040. [564] If China is not going to introduce fundamental reforms, then converging economic, political, social, and ecological crises promise to put enormous pressure on the regime.

Currently, China's capital accumulation relies on increasing exports to capitalist core countries. But is this possible in the long run? China's industrialization led to overproduction and unsustainable exploitation of natural resources and energy consumption. In times of economic recession —and not least in light of Trump's "America First" policies—China's export markets will shrink. One possible solution is to raise wages and strengthen the domestic market. The latter is something that the Chinese government is already trying to do; since the financial crisis of 2007, the Communist Party has passed a number of resolutions that indicate a shift from prioritizing exports to strengthening domestic consumption. But this inevitably implies higher wages, which raises concerns for both Chinese and transnational capital, for which low wages in China are essential.

While China's rise as a global economic power went hand in hand with the rise of neoliberalism, China's long-term national interests are not identical with the long-term interests of global capital. China is trying to reshape international politics; it is challenging the hegemony of the Triad and wants to see a polycentric division of global power. The Chinese government increasingly represents the interests of the Global South in international debates. Its influence in Asia, Africa, and South America is

growing; it invests heavily in infrastructure projects, implements alternative development banks, and seeks to create a new kind of Bandung Alliance to counter the dominance of the Global North. To be credible, though, it will eventually have to abandon its pragmatic alliance with capitalism and develop an economic model that promises a true alternative to it.

- *Class Struggle in China*

The problem of ongoing class struggle in China, which Mao pointed out incessantly, is far from being solved. China's current rulers might not deny it, but they certainly downplay it. The problem is obvious both in the Party and in society at large. In the Chinese Revolution, sections of the middle classes supported the communists because they promised national liberation. Middle-class elements formed a right wing within the Communist Party. When private businesses were reintroduced in China in the 1980s, there was a general shift toward the right. Now, not only businesspeople were making fortunes, but also Party officials cooperating with capital. At times, this cooperation took the form of outright corruption. A sizable middle class reemerged as a consequence of industrialization and market reforms. [565]

Many middle-class Chinese are convinced that prosperity will come from copying the economic and political system of the capitalist countries of the Global North. Not everyone in the middle class shares this view, however. Many young intellectuals have been very critical of China's pragmatic collaboration with capital. Professor of literature Wang Hui, a prominent representative of what is known as China's New Left, has argued that the uprising of 1989, which culminated in the occupation of Tiananmen Square, was not primarily about demands for Western liberal democracy, but rather was a reaction against market reforms. According to official figures, a quarter of Chinese university graduates in 2010 could not find a job after finishing their studies. The ones who did often had to accept wages akin to those of unskilled workers. About one million of China's young intelligentsia live in poor conditions on the margins of big cities. [566] Increased costs for housing, health care, and education undermine their middle-class ambitions. Many of them end up becoming political radicals.

The Chinese peasantry does not belong to the country's political right. The Chinese Revolution was a peasant revolution. Unlike in Russia,

peasants in China were never a reactionary force. While collectivization has been abolished, land is still public property. The peasantry is not demanding that it be privatized. Many peasants are very skeptical regarding the Communist Party's compromise with capital.

Wen Tiejun, spokesperson for the New Rural Reconstruction Movement, argues that peasants who move to China's Special Economic Zones to find factory work cannot be considered proletarianized in a classic sense. [567] Many retain ties to the land worked by their families. Thirty-five years of capitalist reforms in China have not eradicated such attachments. Migrant workers can return to their villages in times of crisis—which many of them did in 2008, when 25 million workers lost their jobs. The wage they earn in industrial production is a supplementary income that helps them buy a house, get married, send their kids to school, and so on. Even rural Chinese belonging to the traditional petty bourgeoisie share the proletarian view that China's problems stem from the global political economy and the inequality and environmental destruction it causes. [568]

Wen Tiejun is critical of the capitalist growth imperative. The New Rural Reconstruction Movement advocates communal life. It offers an alternative to the idea that improved living conditions can only come from capitalist growth. Its collective and ecological outlook also appeals to urban laborers, who suffer as much from environmental destruction as peasants do. [569] Many peasants and workers hope that the Communist Party will critically examine the negative consequences of Dengism. They consider it unjust that those "who got rich first" will be able to escape the brunt of the crisis by importing food and installing expensive air cleaners, or simply by moving to less polluted areas.

The conflict between the political left and right has characterized the People's Republic since its inception in 1949. In the 1960s, the left wing went on the offensive with the Cultural Revolution but lost control of it, coming out of the experience weakened. Since then, the right wing has had more influence on the Communist Party and government policies. By the 1990s, the left had almost vanished, but it has made a comeback in recent years. In rural areas, the New Rural Reconstruction Movement has become influential. Left-wing websites have an impact on national debates. The news site Strengthening Nation Forum, which is linked to the Communist Party's journal, publishes many left-wing contributions. Official commemorations of Mao are often opportunities for the left to attract public

attention under legitimate circumstances; these often resemble anticapitalist protests. Mao's birthday, for example, has become an occasion for mass gatherings of workers and students all across China, and hundreds of thousands flock to Mao's hometown of Shaoshan in Hunan Province for the Chinese New Year. The left wing has significant popular support, and the Chinese government knows it. This is one of the reasons why the government has recently followed a more centrist course in health, education, housing, and pensions. The ambiguity of the Communist Party's position is reflected in a speech titled "Socialism with Chinese Characteristics," which the current Party general secretary and president of the People's Republic, Xi Jinping, gave in 2013:

> "For our Party leading the people in building socialism, there are two historical periods: before 'reform and opening' and after 'reform and opening.' These are two interrelated periods that also have major differences, but the essence of both periods is that our Party was leading the people in the exploration and practice of building socialism. 'Socialism with Chinese characteristics' was created in the new historical period of 'reform and opening,' but it was created on the basis of New China having already established the basic socialist system and carried out more than twenty years of work. … If our Party had not taken the decision in 1978 to carry out 'reform and opening,' and to unswervingly push forward 'reform and opening,' socialist China would not be in the good situation it is today—it is even possible it could have faced a serious crisis like the Soviet Union and Eastern Europe. … Although the ideological direction, policies and practice of building socialism in these two historical periods were very different, these two periods are not separate from each other, and are not at all fundamentally opposed. … The practice and exploration of socialism before 'reform and opening' built up the conditions for the practice and exploration of socialism after 'reform and opening'; the practice and exploration of socialism after 'reform and opening' is to maintain, reform and develop the previous period." [570]

A new anticapitalist politics is always possible in China. It might come from social movements or from inside the Communist Party. Seeds can be sown by bottom-up movements like the New Rural Reconstruction Movement and the current labor movement, which organize independently

from the state but talk about “changing the social substance of state power.” [571] Any new anticapitalist politics in China will require the mobilization of peasants and workers. The left wing of the Party alone will not be able to revitalize the country’s political life. This can only be accomplished by struggles on the ground. It is crucial to support relevant projects, and to ensure people have a right to organize and express themselves. There must be democratization at the workplace. If the Communist Party wants to play a progressive role in the future, it will have to be involved in these struggles—it needs to “go to the masses” and formulate a new politics.

I believe that a socialist resolution of China’s economic and political contradictions is still possible, the main reason being the militant history of the Chinese working class. A working class fighting for socialism can take control of the economy’s most important sectors. They can enter into an alliance with migrant workers, peasants, and the proletarianized petty bourgeoisie. This requires the organization of trade unions and open conflict with the pro-capitalist wing of the Communist Party. Globally, China could play an important role as an active supporter of the struggles against neoliberalism we are witnessing all across the Global South—akin to the support that the Soviet Union lent to Third World liberation struggles in the twentieth century. This, of course, can only happen if the workers and peasants of China resist the temptations of national chauvinism. The significance of a truly socialist China can hardly be exaggerated. It could tip the global balance of power and create a decisive advantage for the global working class.

The Zapatistas

There are still liberation movements with a socialist perspective, even if much has changed since the 1970s. The PFLP is still there, and parts of the Kurdish movement are socialist; in the West Sahara, POLISARIO continues to fight for independence; in the Philippines and India, Maoist movements with roots in the 1960s remain active; in Nepal, Maoists even gained power in 2008 after many years of struggle; and in Colombia, FARC has signed a peace treaty and is transforming itself into a political party (whether this advances the struggle remains to be seen). These examples attest to the ongoing legacy of the liberation struggles. There are also movements that

stand in that tradition but give it a twist. Perhaps the most famous example is the Zapatistas of Chiapas, Mexico.

The Zapatista uprising began in 1994. It surprised almost everyone. After the fall of the Berlin Wall, the Sandinistas' defeat in Nicaragua, and the reactionary backlash in El Salvador and Guatemala, most revolutionary movements were on the retreat when the Zapatistas made their move.

The uprising did not come out of nowhere. It was well prepared. There had been revolutionary fervor in Mexico from 1919 to 1930, producing such illustrious figures as Pancho Villa and Emiliano Zapata. In 1968, Mexico City was at the epicenter of global rebellion with numerous strikes and demonstrations. Ten days before the opening of the Olympic Games, the regime killed hundreds of protesters in the Tlatelolco neighborhood. In Denmark, we followed these events closely and organized a solidarity campaign. It included a controversial poster contrasting political developments with the Olympics' propaganda. The text read: "The Oppressed Demand Revolution! The Powerful Demand Entertainment? We Stand with the Oppressed. Whose Side Are You on?" At the games, Tommie Smith and John Carlos raised their fists in solidarity with the Black Panthers during the 200 meter dash medal ceremony. (Today, athletes raise their sneakers to satisfy their sponsors.) In the days after the Tlatelolco massacre, thousands were arrested. Years of brutal repression followed. Many activists went underground and joined urban guerrilla movements, which fought the Mexican regime without much success in the 1970s. Harsh government repression made connections between illegal groups and the urban population difficult.

In the late 1980s, Mexico, like so many other Latin American countries, was forced to accept "structural adjustment" in order to satisfy neoliberalism's needs. About 70 percent of the country's lucrative state-owned oil industry was privatized. In the countryside, family farming gave way to industrial agriculture controlled by transnational corporations. Chiapas, a neglected state on the border of Guatemala, was strongly affected by this in the early 1990s, when the land was privatized. On January 1, 1994, the North American Free Trade Agreement (NAFTA) between the US, Canada, and Mexico was signed.

Chiapas has a long history of resistance led by indigenous communities. The first time parts of Chiapas were proclaimed autonomous was in 1979. The government responded with violence and repression. A

few years later, a small group of former urban guerrillas from the Maoist *Fuerzas de Liberación Nacional* , including the now famous Subcomandante Marcos, went down to the Lacandon Jungle in Chiapas. They considered the region to be a more suitable terrain for their politics than Mexico City. Over the next ten years, they learned from the locals and won their trust. Traditions of indigenous resistance and Maoist convictions finally merged in the Zapatista Army of National Liberation (*Ejército Zapatista de Liberación Nacional* , EZLN). [572]

The same day that NAFTA was signed, a few thousand Zapatista guerrillas launched a military offensive. They occupied numerous towns in Chiapas, including the urban center San Cristóbal. Their slogan was *Ya Basta!* : “Enough is enough.” The message was clear: the indigenous communities had had enough of five hundred years of economic exploitation, oppression, and racism.

The Mexican government sent in its armed forces; five hundred people died in the clashes that ensued and harsh repression against the Zapatistas followed. When the government offered amnesty to Zapatista leaders willing to surrender their weapons, they answered in an open letter: “Why do we have to be pardoned? What are we going to be pardoned for? Of not dying of hunger? Of not being silent in our misery? Of not humbly accepting our historic role of being the despised and the outcast? For having taken up arms when all other ways where closed for us? … Of having demonstrated to the rest of the country and the entire world that human dignity still lives, even among some of the world’s poorest peoples?” [573] The Zapatistas declared that they were ready to fight for thirty years if necessary. They didn’t mean just militarily, and after the armed revolt of January 1994 they focused on other forms of resistance.

In contrast to traditional liberation movements, the Zapatistas didn’t make the conquest of state power their goal. They wished to establish autonomous regions in Chiapas, free from state repression and neoliberal politics. They wanted to exercise their own power and build their own institutions. By running clinics and schools and by establishing direct democracy, they intended to create a concrete and living alternative to neoliberalism and corrupt parliamentary rule.

A part of the Zapatistas’ strategy was to initiate transnational alliances, including with the new social movements of the Global North. They made good use of a medium that was brand-new at the time: the Internet. The

Zapatistas were among the first to use it for political purposes. They invited activists from around the world to Chiapas to discuss their common experiences of struggle against the neoliberal order. The fact that many foreigners arrived in Chiapas limited the heavy-handedness of the Mexican government and helped the Zapatistas establish their own institutions.

I was one of many who went to Chiapas looking for inspiration in the dark times of the neoliberal offensive. In 1996, I participated, alongside thousands of other international visitors, in the "First Encounter for Humanity and against Neoliberalism," held in the village of La Realidad. I went there as part of a seven-person delegation from the Danish solidarity group International Forum. It was an uplifting experience for me—I had just been released from prison and was politically disheartened at the time.

Apart from showing solidarity with the Zapatista uprising, the goal of the encounter was to develop common analyses and practices in the struggle against neoliberalism. There were roughly three thousand people there, most of them from Latin America, North America, and Europe, but even Australia, New Zealand, and the Philippines were represented. Unfortunately, there were not many people from Africa or the Middle East.

International meetings of this kind are usually held in air-conditioned conference rooms in big cities of the Global North. This was very different. In the days prior to the conference, a motley crew of delegates from forty-three countries trickled into San Cristóbal: former Latin American guerrilla fighters; ex-members of the German Red Army Faction and the Italian Red Brigades; mothers of those who had disappeared during Argentina's military regime; dissidents from 1968 seeking to recharge their political batteries; young anarchist punks from Canada; indigenous activists from the US; *Autonome* from Germany; social workers from London; trade unionists from Manila; environmentalists from Australia; intellectuals from Paris. All ages were represented, and the numbers of men and women were about equal.

When it was time to proceed to La Realidad, this interesting mix of people was taken to the jungle in a bus convoy. The journey took seventeen hours on gravel roads winding through the rainforest. At 5 am, in the midst of a tropical downpour, we reached a dead end at the village of La Realidad, tightly surrounded by jungle. We unpacked our foam mattresses and sleeping bags, scrambling for shelter under a makeshift roof to get some much needed sleep, as a band played Latin pop to welcome us. All the

people now stomping about turned the place into a mud bath within minutes. We were eaten up by insects, and a monstrous spider made a new home for itself in my boots while I slept. It was a rather surreal scene, but also a reminder of the living conditions in the Global South.

The gathering served as an example of the increased global awareness of the late 1990s and the attempt to build a worldwide counterpower. The fact that the Zapatistas had been able to arrange it despite heavy government repression attested to their organizational capacities. The peace in Chiapas was fragile; government soldiers patrolled only a few kilometers from where we met and military planes circled overhead. The Zapatistas understood from the very beginning that media presence was one of the most effective means of defense. They became very skilled in attracting attention and in mobilizing people, nationally and internationally. They set the agenda. Celebrities like Oliver Stone and Gabriel García Márquez came to visit. Under the watchful eye of the international media, massacres and civil war were risky endeavors for a Mexican government desperate to appear stable and in control. It was great to meet so many people in La Realidad who were hoping for a better world. It reminded us that we weren't alone but were part of a global network yearning for change. [574]

- *The Zapatistas' Understanding of Power and Strategy* [575]

There are people who believe that the Zapatistas' strategy is little more than fluffy poetry: beautiful, but ineffective and unrealistic. But the Zapatistas think about power, strength, and revolution in a different way than what we are used to, and this leads to a different form of resistance. Is the Zapatistas' strategy really more unrealistic and ineffective than that of the traditional left? In the following pages, I will attempt to explain and interpret the Zapatistas' understanding of power and strategy.

The Zapatistas' former spokesperson, Subcomandante Marcos, had the following to say about the Zapatistas' capabilities: "The government has the military; we are armed with the truth." [576] But what is truth, and why does it play such an important role for the Zapatista movement?

Truth is defined in struggle. The outcome affects our understanding of reality, science, good and evil, the possible and the impossible, and so on. Politicians refer to this as a "culture war"; postmodern academics as a "discursive struggle."

When the Berlin Wall fell in 1989, US President George H.W. Bush triumphantly proclaimed that capitalist markets and bourgeois democracies would now create a better world for all. This was the truth forced upon us. Today, compelled by circumstances to make adjustments, the ruling classes try to sell us a different truth: capitalist markets and bourgeois democracies are not without fault, but are still our best option. Socialism has had its chance. Hoping and fighting for a better world is futile. Instead, we must try to get the best out of the one we have. “There is no alternative,” as former British Prime Minister Margaret Thatcher famously put it.

It was this truth that the Zapatistas rejected: “A new lie is sold to us as history. The lie about the defeat of hope, the lie about the defeat of dignity, the lie about the defeat of humanity.” [577] The Zapatistas wanted to rekindle the hope for a different world that millions of people had felt before the revolutionary failures and the Soviet fiasco of the 1980s. That’s why the media nicknamed them “professionals of hope.” The Zapatistas set out to create a truth that was different from the truth forced upon us by those who rule the world: “[T]he EZLN is not the weak party, it is the strong party. On the side of the government there are only military force and the lies spread by some of the media. And force and lies will never, never be stronger than reason.” [578] Empirically, this statement seems absurd. There are countless examples of military might winning against the truth—but there are also examples of truths that have brought state power to its knees.

The struggle over truth touches all of society. It runs from the top to the bottom and back again. It occurs every time people meet. The ruling order has its values and norms. Counterpower implies developing different values and norms. One of the ways this happens is through practice; for example, by exercising power in a different way than we are used to. The state has the police, the military, and the justice system. They belong to the traditional apparatus of power. But seizing state power to change the world —and the truth—is not enough.

The tools of state power are effective tools of oppression; they are not effective tools of change. NATO possesses overwhelming military power and destructive capacity, but this is of little help in developing new values and norms. The US proved capable of ousting Saddam Hussein and the Taliban, but incapable of building nation states in its own image; incapable even of building stable nation states at all. In order to establish a political system in Iraq and Afghanistan that at least served its interests, NATO was

dependent on collaboration with forces whose values and norms were very different from its own. An actual change in values and norms is a long civil process. This is the lesson learned not only in Iraq and Afghanistan, but also in Somalia, Libya, and Syria.

The Mexican state wishes to crush the Zapatista rebellion. The Zapatistas do not confront state power head-on. They focus on autonomy. The state is only confronted when the defense of autonomy makes doing so necessary. That's why the Zapatistas keep their arms. The Zapatistas' understanding of power implies a big gamble. The key issue is the understanding of truth and the forms of power related to it. We can see this in how the Zapatistas exercise their own power. They follow the motto: "To lead means to follow." This is reminiscent of Mao's mass line: revolutionary politics can only be based on learning from the masses. But the Zapatistas' understanding of democracy is different from the democratic centralism advocated by the traditional communist parties. The Zapatistas advocate a direct and consensus-based democracy: decisions are made at meetings where everyone can be heard. This can take time, but people reach a common understanding of what needs to be done. "Councils of Good Governance" are responsible for the daily administration of the autonomous regions of Chiapas. Members rotate, based on the conviction that everyone can lead and that society is strengthened when everyone does. Subcomandante Marcos certainly became a charismatic figurehead for the Zapatistas' armed forces, with his iconic ski mask, pipe, and eloquence, but he acted under the EZLN's command, which consisted of a variety of people.

The Zapatistas do not want to be a vanguardist Leninist party. Their aim is not to build enough military strength to go to war with the Mexican government. For the Zapatistas, power is not something you can inherit or take; power consists of actions that shape peoples' lives. When the Popular Revolutionary Army (*Ejército Popular Revolucionario* , EPR), a guerrilla movement active in the south of Mexico, suggested forming a common front with the Zapatistas, Subcomandante Marcos rejected the offer: "What we seek, what we need and want is … not to take power, but to exercise it. I know you will say this is utopian and unorthodox, but this is the way of the Zapatistas." [579]

Has this approach worked? Well, the Zapatistas have survived for more than twenty years despite constant attempts by the Mexican state to

destroy them. This cannot be credited to the EZLN's military strength alone, which is very limited. It must, first and foremost, be credited to the *political* strength of the people of Chiapas. It must also be credited to international support—not by states, but by social movements, progressive organizations, and ordinary people. The Zapatistas still exercise their power by engaging with the people, that is, in the way they run schools and clinics, produce and distribute food, and make decisions. In a country whose government is increasingly losing legitimacy, this goes a very long way. We must be conscious of power's different forms. Power is shaped by everything we do or say, individually and collectively. What good does it do if we call for more community when all of our actions are individualistic? Power is exercised in many places and by many people, but the same goes for resistance. In resisting power, we must use all the tools available to us. The specific situations we find ourselves in determine which ones are most effective. This requires an analysis of the different power structures. We need to choose effective tactics and develop an effective strategy.

In this context, it becomes obvious why the Zapatistas are so dangerous for the Mexican government despite their limited military means. They take the rallying cry *Ya Basta!* very seriously. They have reclaimed their dignity in a world that degrades them. They are armed with a truth that turns the neoliberal system into a lie. However, fighting neoliberalism is no easier than fighting state power. Far from it. Neoliberal power rests on many legacies beyond the purely economic: patriarchy, racism, militarism, the devaluation of nature, consumerism, media control. None of this is imposed on us from the outside; neoliberalism has entered our veins, a virus of individualism and greed increasingly difficult to get rid of.

State power has been conquered many times before. We must go further than that. One of the biggest challenges is to offer concrete alternatives to the dominant forms of production and governance. This is at least as important as conquering the current institutions of power. The Zapatistas are not just another revolutionary movement in a faraway country. They pose both a theoretical and practical challenge to those of us who want to change the world.

The World Social Forum

New social projects emerged in the 1990s, building global networks to oppose globalization-from-above. They included organizations like ATTAC, which demanded a tax on all international financial transactions (the Tobin tax), mass mobilizations against the WTO and G summits, and initiatives such as the World Social Forum, which sought to unite social movements across the world. It is not surprising that the Zapatistas helped to inspire these efforts. Loose networks, facilitated by the Internet, became the norm. The protests against the 1999 WTO summit in Seattle, which led to its premature end, became a symbol for this new type of activism. A wave of similar protests followed, some of which led to serious clashes with security forces, for example at the 2001 EU summit in Gothenburg and the G8 meeting in Genoa later that summer.

The new social movements were also encouraged by Michael Hardt and Toni Negri, who argued in their book *Empire* that transnational organizations such as the WTO, the World Bank, and the IMF were more important for the neoliberal order than state governments, and that to be effective the resistance needed to match the empire's global reach. It proved difficult, however, for the new social movements to move on from networking and the organization of mass demonstrations to become a united and powerful force of global resistance. One loosely connected network replaced another. The use of social media has both strengths and weaknesses. Its main strength is the possibility of spreading information quickly and thereby setting an agenda. Its main weakness is that doing so rarely translates into a concrete practice and for that reason fails to change the world.

One concrete outcome of the efforts at global networking by opponents of neoliberalism has been international gatherings, most notably the World Social Forum (WSF). The first WSF meeting was held in Porto Alegre, Brazil, in 2001. In many ways, it was a continuation of the example set by the Zapatistas with the 1996 Encounter for Humanity and against Neoliberalism. Many of those who had attended the gathering in Chiapas were also involved in preparing the first WSF meeting. In Europe, they met in Prague and Madrid. It was important to continue what people had experienced in La Realidad. The left was still in a deep crisis.

The name "World Social Forum" was a reference to the World Economic Forum, held annually in Davos, Switzerland. There, the world's political and business leaders gather to formulate global strategies from

above. The goal of the WSF is the opposite, namely to formulate global strategies from below. The interests of humanity are central, not those of capital. The WSF is horizontally organized, at least partly in conscious opposition to the vertical organization of traditional left-wing parties. It encourages “open spaces,” not “democratic centralism.” Everyone shall have a say. Direct democracy is considered more important than professionalized parliamentary politics detached from people’s everyday lives. The WSF brings together everything from NGOs to trade unions to grassroots initiatives.

NGOs have become widespread and influential. They organize and represent what they call “civil society”: the people who are not state or business representatives. NGOs are financed by their members and by grants from private and public sponsors, they are usually run by a professional staff with the help of volunteers. Some NGOs, such as Greenpeace or Amnesty International, act independently of state interests, but many NGOs active in the Global South are dependent on government grants from the Global North, and are therefore hardly independent—or non-governmental, for that matter. NGO activism can, at times, include radical rhetoric, but the chances of their actions leading to radical change are minimal. They rely on far too many patrons who would prefer to keep the current system as it is. Good “working relationships” are more important than confrontation; adjustments are more important than profound transformation.

The WSF includes NGOs, since they help to win support and can pressure national as well as transnational leaders into a reform or two. But this also means that the WSF helps blur the lines between radical social movements, NGOs, and state power. Characteristically, WSF organizers reject collaboration with organizations linked to armed struggle, such as the FARC in Colombia, the PKK in Kurdistan, or the Maoist parties of India. However, due to the WSF’s loose structure, it is very difficult to control who participates. Even if WSF organizers did want to welcome everyone critical of neoliberal globalization to their meetings, there are still some very practical obstacles to getting there. Travel costs and registration fees are often prohibitive for people from the Global South—and that’s even before we consider the problems of visas and red tape.

The driving forces behind the first WSF meeting were Brazilian NGOs and ATTAC. Since 2001, WSF meetings have taken place in Brazil, India,

Venezuela, Pakistan, Kenya, Senegal, Tunisia, and Canada. There have also been numerous continental, regional, and national social forums. The number of participants is usually impressive, coming from a broad spectrum of countries and classes. But how effective are the meetings as measured against the stated goals? Do they really strengthen resistance against neoliberalism and imperialism? Do they help build a world based on different relationships among humans and between humans and nature? The WSF is usually held in high regard by social movements and NGOs, which see it as an open horizontal network that allows them to coordinate their activities and learn from one another. This optimism is expressed in a statement by Kevin Danaher and Roger Burbach:

> "If we look closely we can see the pieces of the first global revolution being put together. Every revolution up to now has been a national revolution, aimed at seizing control of a national government. But the blatant corporate bias of the global rule-making institutions such as IMF (International Monetary Fund), World Bank and WTO have forced the grassroots democratic movements to start planning a global revolution. It is a revolution in values as well as institutions. It seeks to replace the money values of the current system with the life values of a truly democratic system." [580]

Chico Whitaker, an influential organizer in the WSF network, has described the advantages of the WSF's organizational style: a strong global network, the absence of central leadership, and shared responsibility. This, he believes, helps overcome the limits of representative democracy and political bickering. Whitaker sees the WSF as an alternative to liberal parliamentary politics, but he doesn't explain how his democratic vision can be put into practice outside of the social forums themselves. [581]

Central WSF decisions are made by an International Council of 120 members. Informal power structures exist, as in any organization. Some people have more influence than others, without it necessarily being apparent. A member of the International Council conceded: "This is why there is a widespread perception that the WSF is a top-down organization, despite all talk to the contrary. It has even been stated that taking part in the WSF International Council was a bit like being in the Politburo and not knowing who Stalin is." [582]

The WSF has had difficulties proving itself as a political force and having an impact beyond informal networking and providing "open spaces." Some manifestos have been released in the name of the WSF, for example the "Porto Alegre Manifesto," which listed concrete goals such as canceling the debt of the Global South, introducing taxes on international financial transactions, closing down tax havens, supporting fair trade, and more. But even regarding such broad reforms it was difficult to find common ground.

There are two main currents in the WSF: one emphasizes the networking aspect, while the other is looking for a political organization with a platform. We can look at this as a conflict between the "postmodern" and the "classical" left. [583] The postmodern current focuses on the features that define capitalism's latest phase: knowledge, information, communications, and global finance. The work of Hardt and Negri is very important for this camp. The classical current, on the other hand, is represented by people like Samir Amin, who is a regular participant at WSF meetings and a member of the International Council. For Amin, the financial system remains dependent on industrial production. The postmodern camp emphasizes cultural power, while the classical camp focuses on institutional power. The postmodern camp wants to build horizontal networks and decide by consensus; the classical camp wants to build effective organizations.

In my opinion, the postmodern left has a more nuanced understanding of state power and participatory and democratic activism, however the structural analysis and organizational principles promoted by the classical left are far from being outdated. Loose networks, text messages, and social media savvy are not enough to change powerful economic and political systems. This was demonstrated, for example, during the Arab Spring: in Egypt, the Muslim Brotherhood, with its strong organizational structure, benefited much more from the events than any progressive political force.

The people who gather at WSF meetings are certainly sincere in wanting to turn talk into concrete globalization from below, based on people's everyday life experiences at work, in their communities, and so on. Yet this cannot happen unless broad alliances are formed. Youth-led protests are great but their potential is limited; summit protests tie movements together, give them a big audience, and inspire others to act, but the system has grown immune to them. It simply disregards the demands,

knowing that it doesn’t have to fear any consequences. Despite remaining important, such protests have largely turned into a ritual. They don’t contribute to building strong and sustainable political movements—something the WSF has failed to do as well. Even if the WSF organizers’ understanding of power and resistance resembles that of the Zapatistas, unlike the Zapatistas they have not been able to develop a practice based on it.

The latest WSF meeting was held in Montreal, in August 2016. The Canadian government refused to issue visas for many activists from the Global South. It is also expensive to travel to Canada, and living expenses there are high. The result was a relatively low turnout, and the percentage of participants from the Global North was even higher than it had been at previous gatherings. As usual, the open-space concept created much controversy, and different global struggles didn’t really come together. The problems of the WSF’s horizontal structure and the inability of people to move from talk to action became obvious yet again. Critics pointed out that numerous activists no longer attended WSF meetings because they felt doing so didn’t further their struggles. But is it possible to organize resistance combining the unity and effectiveness of vertical structures with the breadth of horizontal ones? This is the question I want to turn to in the following chapter.

chapter 11.

Practice

AFTER HAVING DISCUSSED SOME OF THE main actors in left-wing politics, I now want to turn to the question of political practice itself. How can we impact economic and political structures? Which historical experiences can we build on? What do the current practices of the political left look like, both in the Global South and the Global North? What tactics and strategies are most promising for our future work?

Experiences of Revolution

A more just and sustainable world requires a radical change in property relations and the global distribution of resources. Historically, shifts in that direction have not come from parliamentary politics but from broad popular struggles. Ownership of the means of production is rarely voted on. Democratic procedures can be useful, but to focus exclusively on parliamentary politics is an obstacle to radical change. I am for radical change, and that's why I am a revolutionary. I want to open this chapter with a discussion of what revolution is and what constitutes a revolutionary situation.

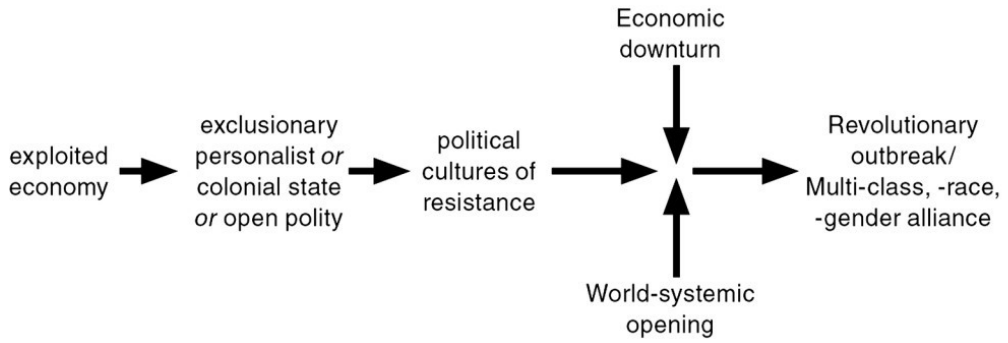
Many people live in poverty and under oppression for decades without rising up. Then, suddenly, they risk their lives trying to change the order they are subjected to. Why? What are the objective and subjective causes behind the uprising? Why is there suddenly space for resistance, when the oppressors seemed untouchable for so long? Why did cracks in the system appear? Where do the courage and hope come from that now drive people out into the streets?

I define revolution as a sudden, radical change in the ownership of land and the means of production. State power is redefined by a class revolt from below. Economic and political shifts happen simultaneously and reinforce each other. The Chinese Revolution and the Cuban Revolution were classic examples of this. Reformists do not see beyond capitalist relations of production and the current political system. It is not the *form* that class struggle takes that makes it revolutionary or reformist. Violence,

for example, is not a defining feature of revolution. There were nonviolent revolutions in Bolivia in 1952, in Chile in 1970, and in Grenada in 1979. However, all of these revolutions faced very violent counterrevolutionary forces that prevented them from implementing the radical changes they intended to make. I will return to the controversial question of violence and revolution below.

For his book *Taking Power* , the American sociologist John Foran studied thirty-nine revolutions that occurred in the Third World between 1910 and 2005. He was looking for patterns to explain the success or failure of revolutions. Foran considered both structural aspects and revolutionary tactics and strategies. He identified five conditions necessary for revolutions to succeed: economic dependency, an oppressive regime, a well-developed culture of resistance, a revolutionary situation created by an economic and political crisis, and international power relations that provide a window of opportunity for change. Let us look at each of these factors more closely .

FIGURE 8. The Development of a Revolutionary Situation



Economic dependency: The economic and political realities of the Global South are the result of its historical role as the periphery of the

imperialist system. The economies of the colonies were not independent. Foran believes that economic dependency was what made broad, cross-class resistance movements in the colonies possible. In the last century, all revolutionary uprisings occurred in the periphery or semi-periphery of the imperialist system. The first revolution to succeed was in 1917 in Russia, a semi-peripheral country. It marked a shift in the communist movement's center of gravity: from the imperialist core toward the periphery. This shift would mark the revolutionary history of the twentieth century.

An oppressive regime: To maintain law and order in a dependent economy requires a repressive state: Batista in Cuba, Somoza in Nicaragua, and the Shah in Iran were all examples of rulers who both led and personified repressive regimes. They were not supported by the masses. The oppression of the poor and the political marginalization of the middle class (and, at times, even of the national upper class) made the emergence of broad popular resistance movements possible. The same was true for the colonial state, a close relative of the personified repressive regime. There have not been many parliamentary democracies in the Global South, in which revolutionary parties could organize openly and come to power via elections. It is the combination of a dependent economy and a repressive regime that forms the basis for revolutionary development. These conditions exist in almost all of the countries of the Global South. But these factors alone do not decide whether a revolutionary movement will occur. What is also required are revolutionaries.

A culture of resistance: Any revolutionary movement is based on social groups and classes capable of mobilizing the masses and building alliances with other social groups and classes. This requires thorough analysis, political vision, and effective propaganda. It also requires the ability to build and defend organizational structures, information networks, educational platforms, and social as well as cultural institutions.

A revolutionary situation : A revolutionary situation occurs when an economic and political crisis produces a sudden deterioration of people's living conditions. But for a revolutionary situation to become a revolution, it is not enough that the masses want change; the crisis must be deep enough that the ruling classes cannot withstand their demands. Only when the ruling classes lose control is it possible for revolutionary movements from below to succeed. The desire for a different society must coincide with a crisis that brings the ruling system's contradictions to their breaking point.

In all of the thirty-nine revolutions that Foran analyzed, “misery mattered.” [584]

A window for change : Whether a revolutionary movement succeeds or not depends, finally, on the global political situation. It can only succeed if there is a window of opportunity for change. Such a window can open because of wars, economic crises, or other major upheavals in the global order. It can also open due to a rivalry between superpowers (as was the case during the Cold War) or an internal crisis affecting one superpower (for example, in the 1960s when the US was facing a powerful civil rights movement and resistance against the war in Vietnam).

In addition to these factors, there is one other that social scientists often forget: the deep emotional response to injustice that drives revolutionaries. This factor is difficult to measure, and hence it remains absent from most analyses (even brilliant ones) despite its significance. This explains why politicians, economists, and academics so often fail to see revolutions coming, even when they stare them right in the eye. It is impossible to understand the revolutionary process without considering this element. At the root of every revolution is an emotional outburst of indignation and a profound anger against the ruling class. At some point, this anger needs to find relief. And when it does, it does not care about cost-benefit analyses or self-interest. When fueled by the fire of revolution, people act without regard for social conventions, expectations, even their own lives. A revolution is no mechanical process. It is driven by determination. Stories are important: about heroic acts, dates, places, events, battles—and the future. Visions of a better world are an important revolutionary driving force. But we must remember that the revolution is only the first step toward socialism. Seizing state power creates opportunities, but the task doesn’t end there. Class struggle continues, on many levels and in many forms.

Only if Foran’s five factors are present can revolutions be successful. By successful, I mean revolutions in which the revolutionary classes gain enough power to implement the radical economic and political changes required to justify the term. Any revolution will provoke counterrevolutionary attacks. We have seen this throughout history. Revolutions are not only threatened by the ongoing class struggle and the remnants of capitalism within, but also by military invasion and covert operations. The attempt to build socialism always faces both internal and

external enemies. What is required to withstand these dangers? How do revolutions become long-lasting? This is the question I want to turn to now.

- *Long-term Revolutions*

We already mentioned two classic revolutions: the Chinese Revolution of 1949 and the Cuban Revolution of 1959. We can add the Russian Revolution of 1917, the Mexican Revolution of the 1910s, and the Nicaraguan Revolution of 1979. Revolutions as the result of anticolonial liberation struggles occurred in Algeria, Vietnam, Mozambique, and Angola.

Many of the revolutions of the 1970s (Chile 1970, Jamaica 1972, Vietnam 1975, Angola 1975, Mozambique 1975, Zimbabwe 1979, Nicaragua 1979, and Grenada 1979) occurred during a window of opportunity in the world system, created by the oil crisis in combination with a political crisis in the US caused by the Black liberation movement, the defeat in Vietnam, and the Watergate scandal. For the Portuguese colonies, of course, the political crisis in Portugal was of major importance, which followed the overthrow of the fascist regime during the so-called Carnation Revolution of 1974. In contrast, the Palestinian Intifada of the late 1980s, or the end of the apartheid regime in the early 1990s, did not lead to revolutionary change. Might this be because there was no window for change in the world system? The Soviet Union had collapsed, NATO had cemented its military power, and neoliberalism was in full swing.

History also confirms the other factors listed by Foran. Vietnam provides a good example of the importance of a well-developed culture of resistance. What was astonishing about the war in Vietnam was not that the US lost, but that the Vietnamese communists won. There is no doubt that the strength and depth of the culture of resistance played a decisive role. The Vietnamese general Võ Nguyên Giáp expressed this as follows:

> “We sought to break the will of the American government to continue the conflict. … We were waging a people’s war, *à la manière vietnamienne* —a total war in which every man, every woman, every unit, big or small, is sustained by a mobilized population. So America’s sophisticated weapons, electronic devices and the rest were to no avail. Despite its military power, America misgauged the limits of its power. In war there are two factors—human beings and weapons. Ultimately,

though, human beings are the decisive factor. Human beings! Human beings!” [585]

Another example of the importance of motivated revolutionary forces is provided by the Korean War, in which a poorly equipped Chinese peasant army, with no navy or air force, pushed the US-led forces of the United Nations from the Chinese border back to the 38th parallel. The entire future of the People’s Republic was saved by this effort.

- *Short-term Revolutions*

A whole slew of revolutions were crushed by counterrevolutionary forces before they could introduce any radical economic or political changes. Examples include the Mossadegh regime in Iran (1951–53), Salvador Allende’s administration in Chile (1970–73), and the People’s Revolutionary Government of Grenada (1979–83). The Bolivian National Revolution of 1952 and the Nicaraguan Revolution of 1979 each lasted ten years. All of these revolutions were put down with the help of the US military and the CIA. Let us look more closely at the example of Chile.

The goal of the *Unidad Popular* , the party led by Salvador Allende, was made clear in the very first sentence of the party platform: “The central objective of the united popular forces is to replace the current economic structure, ending the power of national and foreign monopoly capitalist and large landowners, in order to initiate the construction of socialism.” [586] These were not just words. As soon as Allende was elected to power, the minimum wage was raised. Most big companies, including the copper mines owned by the US firms Anaconda and Kennecott, were nationalized. So was the telecommunications service ITT and two thirds of the financial sector, including three of the four biggest foreign banks. [587] Chile’s economy was booming and unemployment fell from 6.3 percent in 1970 to 2.9 percent in 1973. Inflation was down and workers’ real wages rose by 25 percent. [588] The government also introduced land reform: by 1973, 50 percent of Chile’s cultivated land had been expropriated, either via state regulations, which saw to the expropriation of all properties over 175 acres, or by rural proletarians who occupied land and established cooperatives. In the Chilean countryside, fundamental change was taking place.

In response to these developments, the US worked to destabilize the Allende government and prepare its overthrow. The campaign was led

directly by Secretary of State Henry Kissinger, who explained without a hint of irony: “I don’t see why we have to let a country go Marxist just because its people are irresponsible.” [589] President Nixon wrote in a memo sent to the CIA: “Make the economy scream!” [590] The US called for an economic boycott of Chile and did everything in its power to get international finance to join in. The US ambassador to Chile, Edward M. Korry, made their intentions clear: “Not a nut or bolt will be allowed to reach Chile under Allende. … We will do all within our power to condemn Chile and the Chileans to utmost deprivation and poverty.” [591] The US considered the Chilean example even more dangerous than that of Cuba: introducing socialism in a peaceful manner had a strong appeal all across Latin America.

Allende had won the elections in 1970, become president, and appointed the government. He certainly had formal political power, yet he did not control the entire state apparatus. The judiciary and the military were hostile toward his government. Most army officers had been trained and educated in the US. The media, the upper class, and also most of the upper middle class were against the government. The CIA supported the opposition economically and coordinated its efforts. They prepared the coup that brought General Augusto Pinochet to power in 1973. Pinochet’s government was immediately recognized by the United States.

Allende’s cabinet had started a social revolution, but was never able to implement a political one. Allende and his party did not have the military power needed. They had hoped—probably naively—that the army would accept the transformation of Chile they were seeking. Plans to arm workers and peasants were put on hold in order to not provoke the generals. The state apparatus was not revolutionized, in the false belief that it would serve the new government. But if there is one lesson that must be drawn from the revolutions of the twentieth century, it is this: you must always be prepared for counterrevolutionary attacks. They will come without fail.

- *The Case of South Africa*

The long liberation struggle in South Africa eventually brought results but no revolution. The ANC, which had led the struggle and was committed to socialist goals, won a triumphant victory in the first post-apartheid elections in 1994, with Nelson Mandela becoming president. But no radical

economic or political changes followed. Today, the income gap between white and Black South Africans has widened. It is a powerful reminder of how institutional change, in this case the end of legally sanctioned apartheid, does not necessarily bring about social change. While some Black South Africans have gained access to the privileges that were previously reserved for whites, the vast majority of the Black population still lives in an informal apartheid system. Most of the land, mines, and companies remain in the possession of white South Africans. Mandela, once called a terrorist, became a neoliberal darling.

Most of the factors Foran identified as being necessary for a revolution to succeed were present in South Africa: a dependent economy, a repressive state, and a well-developed culture of resistance. But in the early 1990s, there no longer was a window of opportunity for radical change in the world system. The Soviet Union's collapse made the ANC's socialist convictions appear outdated and unrealistic. With the loss of its old allies, the ANC embraced neoliberalism. It seemed as if there was little choice. As a consequence, there was no land reform, the mines were not nationalized, and so forth. Instead, water, electricity, and public transit were privatized. Popular uprisings and strikes were often violently crushed by the police. Only Mandela's prestige and the legacy of the anti-apartheid struggle kept the ANC in power.

Some trade unionists have become strong critics of the ANC. The metal workers organized in NUMSA want to build a movement for socialism. New political organizations with a socialist orientation have been founded, for example the Economic Freedom Fighters, under the leadership of former ANC Youth League president Julius Malema, which has significant support in Black townships and won 6.4 percent of the popular vote in the general elections in 2014.

- *The case of Palestine*

Foran's model not only helps us understand revolutions of the past, it can also help us understand the revolutionary prospects of current struggles. Take Palestine, for example. The Palestinian people live under occupation by the settler state Israel. The foundation for the modern-day state of Israel was laid during the first half of the twentieth century, when Palestine was a British colony. In his 1896 book *The Jewish State* , the founder of Zionism,

Theodor Herzl, wrote: “For Europe, we would form part of a bulwark against Asia there, we would serve as the advance post of civilisation against barbarism.” [592] This fit right in with the colonial perspective of the day. Cecil Rhodes saw the colonization of Africa as a means for Britain to solve the problem of its proletarian surplus population. According to Herzl, the colonization of Palestine could solve another European problem: the Jewish question. As a consequence of antisemitism, Israel is a special kind of European settler state. The increased persecution of Jews in Europe in the 1930s revived the centuries-old dream of a refuge for Jewish people. It led to Jewish settlements in Palestine and the forced relocation of rural Arabs. The state of Israel was proclaimed in 1948. It established close ties to the USA and Western European countries, and came to function as an outpost of the Global North in the Middle East, just as Herzl had predicted.

The Palestinian economy is not a dependent economy in the traditional sense. It does not play an important role for the imperialist system. What Palestine lacks in economic significance, however, it makes up for in political weight: historical circumstances have turned it into a symbol of the political conflicts of the entire Middle East, which revolve around access to the region’s resources, in particular oil. The Palestinian struggle is a symbol for the Arab resistance against imperialism.

The Palestinians live under political and military occupation. This means that the structural requirements for a revolutionary uprising are in place. Indeed, there have been numerous uprisings in the last decades, most notably the two Intifadas in 1987–1993 and 2000–2005. But, just as in the case of South Africa, there was no window of opportunity in global politics to make a revolution in Palestine possible. As long as Israel is backed by the US and the countries of Western Europe, it is very unlikely that such a revolution will occur.

This also affects the culture of resistance. In the 1970s, the Palestinian resistance was led by Marxist organizations, but the lack of progress in the resistance struggle has taken its toll. Today, it is led by liberal leaders in the West Bank and the religious group Hamas in Gaza. Uprisings against economic deprivation and the apartheid-like reality of the occupation continue, but it is unclear what they can achieve under the given circumstances. An opening in the global balance of power would make an enormous difference. If Israel lost the backing of the US—say, if the US were forced to change its geopolitical priorities—the Israeli regime would

become very vulnerable, economically, politically, and militarily. There would be an opening for a culture of resistance in Palestine going beyond petty-bourgeois and religious promises.

Any Palestinian revolution will be based on a coalition of forces. There will be many contradictions. These won't disappear after the revolution and the foundation of an independent state. The future will depend on which factions rise to power. An independent Palestine could be an inspiring example for the peoples of the Middle East—or it could be a disappointment, leaving current economic and political power structures untouched.

Revolution in a Globalized World

The idea of a socialist revolution was conceived in Western Europe. The Paris Commune of 1871 was the first attempt to put it into practice. But after World War I, the revolutionary center of socialist politics shifted to the periphery of the imperialist system. There was a wave of anti-imperialist struggles from 1917 to 1980. It created hope and optimism in the Third World, but lost its momentum due to both internal contradictions and the collapse of the Soviet Union. Economic liberation from imperialism proved so elusive, not only because of failed economic policies in the Global South, but also due to the lack of vision in the global workers' movement. Many things could have been different had the working classes of the imperialist countries not embraced national chauvinism.

In the early 1980s, thanks to neoliberalism, capitalism managed to overcome yet another crisis. New political and military strategies, in combination with rapid technological development, granted capitalism a new *belle époque* , similar to that of 1890 to 1914. This time, it lasted from 1990 to 2007, when the global financial crisis hit. What does this mean for the possibility of future revolutions? Will it be possible to have national revolutions in a globalized world? Especially without a power able to challenge the US and NATO?

According to Foran, a dependent economy is the first requirement for revolutions to occur. The economies of most countries in the world are still dependent today (I prefer the term "exploited"). Furthermore, most regimes in the Global South are repressive—this is what transnational corporations demand. The main use of the state for capital is to maintain law and order.

State repression has not become less violent or prevalent in recent decades, rather the opposite. Any revolution must target the state; we have to defend ourselves against it and it must be dismantled as an instrument of oppression. In most cases, attempts to use the state apparatus to radically transform society have been futile. We need to think of other ways to build democratic institutions, for there will be no shortage of revolutionary situations in the coming decades.

This brings us to the question of the subjective forces required for revolutionary change. Here, things become messy. Most twentieth-century revolutions are today considered failures. There is little hope in revolution. Broken dreams don't kill revolutionary fervor, though. There will be a new wave of resistance; neoliberalism is asking for it. It might have rendered the political independence of the former colonies almost meaningless but it has also created a vast proletariat in the Global South. This happened because of greed and the need for accumulation. It gave capitalism a few extra years and seemed to confirm that the era of revolution was over. But the world is getting ready for rebellion again.

The uprisings in North Africa and the Middle East were a prelude to this. They expressed a dissatisfaction with the first wave of anti-imperialist struggles, which had focused on national liberation. People wanted to bring an end to the legacy of Nasser in Egypt, of Gaddafi in Libya, and of the Ba'ath parties in Iraq and Syria. The regimes they had established in a spirit of national liberation had degenerated and become corrupt. But the uprisings also revealed what was needed for future rebellions to succeed. They made it clear how important the participation of organized workers and peasants is. The Egyptian uprising was driven by a dissatisfied urban middle class, notably educated youth with few prospects. There was a significant gap between modern urbanites and much more conservative rural communities. The latter also wished for economic and political change but were easy prey for the well-organized Muslim Brotherhood.

It is unlikely that uprisings in the form we have seen in North Africa and the Middle East can bring about radical transformation. They contain many ideological and social contradictions. Some participants believe in the wonders of liberal democracy, others in religious doctrines; sectarianism is widespread; quite a few circles seem only interested in bettering their own situation. Perhaps most importantly, the uprisings were mainly directed against the state and not the national bourgeoisie and its allies in the Global

North. They were not expressions of revolutionary class struggle. Only a fundamental change in property relations can bring about fundamental social change. This requires the participation of workers and peasants.

In Latin America, there are not only the Zapatistas, but also strong contemporary social movements, especially in Venezuela, Ecuador, Bolivia, and Brazil. But it is the vast new proletariat of Asia that will be of particular importance. It occupies a central role in the global economy. Before discussing this in more detail, I want to turn to the timeless question of how violence relates to revolution.

Violence and Revolution

Revolution has always been connected with violence. Liberals invariably bemoan the human costs of revolutions, while the death toll of imperialist counterrevolutions seems to escape their notice. Let me cite just one example: in October 1965, the Indonesian army, led by future president Suharto, launched a brutal campaign of repression against the Communist Party of Indonesia, which cost the lives of over five hundred thousand people (some estimates even speak of one million). The killings were committed by government soldiers as well as local militias.

If you listen to politicians in the Global North today, you would think that violence as a means of solving conflicts is entirely unacceptable. They demand “democratic dialog.” This, however, stands in stark contrast to political reality. The most liberal of states employ an apparatus of violence, surveillance, and control, both in domestic and foreign politics. If pressed, the would-be advocates of nonviolence will argue that it is necessary for liberal states to use violence against totalitarian regimes or movements.

Within the left, there seem to exist two opposing positions: one which does not believe in the use of violence and which focuses on parliamentary politics; and one which considers the use of violence inevitable since the power of the state lies in its monopoly of violence. Each of these positions is far too simple, however.

Violence is never an end in itself for revolutionaries, and nonviolence is rarely an absolute value for liberals. Violence and nonviolence are political means, and there is no direct connection between political means and ends. There are not many liberals who will refrain from the use of violence to defend the power of liberals. Who really questions the

legitimacy of the use of violence against a foreign occupying power, for example when the Nazis controlled Denmark during World War II? Yet, even the most committed revolutionaries would happily avoid civil war if it was possible to seize power by nonviolent means. “Nonviolent,” of course, must not be mistaken for “legal,” just as “violent” must not be mistaken for “illegal.” Reform is not necessarily connected to nonviolence, and revolution not necessarily to violence. Unfortunately, these things are often confused.

History is full of examples of violent conflict between people who do not represent different classes or ideologies, but who simply fight their peers for power. The question of violence versus nonviolence is a tactical one. How we answer it depends on the concrete circumstances we find ourselves in and our ethical convictions. There is no general answer as to whether violent or nonviolent means are more useful. What we must ask ourselves is: Which means can be morally justified? And: Which means are most effective? Choosing the right political means requires concrete ethical and practical deliberations.

Militants who have used violence as a political means are often told that “the end does not justify the means.” I suppose it is comforting to feel morally superior to one’s political opponents. This might explain the apparent consensus with regard to this maxim.

Let us look at this a little more closely. If the maxim “the end justifies the means” suggests that any means can be used to reach any end, no matter the consequences, it would be utterly absurd to embrace it. But how about “the end never justifies the means”? Is this correct? No. Why would the end not justify the means if they are ethically defensible? Absolute maxims don’t get us very far. There is a third option that is much more realistic, however, based on the understanding that “not any end justifies any means, but some ends justify some means under some circumstances.” This demands that political actors make their ends clear and explain why they think that the means they are employing to achieve them can be justified. It replaces a political discussion about ethics with an ethical discussion about politics.

Violence appears most acceptable when the situation is desperate and the ends important. Let us return to the Nazi occupation of Denmark. Today, there is broad consensus in Denmark—across all political camps—that the use of violence by the resistance movement was justified, morally

as well as politically. This, however, was not the case during the occupation. Until 1943, the Danish government (which the Nazis left in charge since it complied with their demands) and broad sections of the population considered resistance fighters “terrorists.” Resistance fighters only became national heroes with the liberation of the country in 1945. The resistance movement used violence to weaken Nazi Germany. Rail tracks and factories used by the German war industry were sabotaged and suspected informants were executed. This does not mean that the resistance fighters considered all means justified. Even if some actions have been criticized, for example executions based on little evidence, the legitimacy of the use of violence is rarely questioned.

It is difficult to draw clear lines between actions that are justifiable and actions that are not. There is always a gray zone. At the end of the day, it is up to the individual or collective actor to draw that line. It is not easy. They will have to live with their decisions for the rest of their lives. This challenge lies at the core of political engagement.

Of course, the discussion of violence vs. nonviolence largely depends on what we understand by “violence.” If it means to inflict harm on other people, we need to distinguish between physical violence and structural violence. Dictionary definitions of violence often focus solely on physical violence. But there are also social structures inflicting harm on people. Structural violence can take many forms: poverty (as well as famine and disease as consequences thereof), political oppression, apartheid, racism, and more.

The state uses violence to defend its institutions. But social structures are created by people and can therefore also be changed by people. The difference between repressive violence and revolutionary violence is that the former seeks to uphold existing social structures, while the latter seeks to destroy them. This is the basis of a Marxist understanding of violence. Dictionary definitions don’t explain poverty. Structural violence is disguised as a social dynamic: you starve because you can’t find work, you are homeless because you can’t pay rent, and so on. Violence only enters the debate when people use it to challenge these injustices, and then it is usually deemed unacceptable. But physical and structural violence are not separate. They are closely related.

Armed struggle is not a revolutionary principle. Armed struggle is a means that people, under certain circumstances, deem necessary; usually,

when all other means have failed. The state, capital, and the imperialist system violently stand in the way of nonviolent liberation. There won't be any lasting peace in the Global South without resolving the structural violence imposed by neoliberalism. It is naive to believe that this structural violence will not be met by violent resistance. The costs of violence are enormous, however, and any revolutionary strategy must seek to limit its use as far as possible. We must not become cynical. For the victims of violence, discussions about principles and justifications are meaningless. At the same time, while the costs of violent resistance are obvious, the costs of passivity are often invisible. The consequences of exploitation and oppression are a part of daily life, but this does not make them less harmful. Revolutionaries need to find the right means to end them.

Transnational Strategies

I have already touched on the complicated relationship between nationalism and internationalism in the communist movement. Internationalism is of theoretical, historical, and strategic interest. It is of theoretical interest, because it has always been at the heart of the Marxist ideal. It is of historical interest, because this ideal has been a beacon of hope for revolutionary movements for almost two hundred years. And it is of strategic interest, because new forms of transnational resistance have emerged since the mid-1990s in response to globalization from above. These new forms of resistance include the Zapatistas as much as protests against the World Bank, the IMF, and other transnational institutions in the Global North. They also include the efforts by progressive countries of the Global South to establish stronger South–South collaboration. The question of internationalism will be at the center of the coming struggles between the new proletariat of the Global South and global capital. Without a strong internationalist movement, it will be impossible to counter the globalized forms of production.

New social movements regularly reference historical examples of internationalism, but often without much reflection. If the new transnational forms of resistance are to be more successful, reflection on the lessons of the past will be necessary. Internationalism has served as an ideal for a long time, yet it has proven difficult to implement. Analysis is required to make

it practical rather than utopian. Otherwise, internationalism might end up as “historical garbage” that we discard as “unrealistic.”

The theoretical basis for internationalism is the conviction that the class identity of working people is more important than their national identity. Unfortunately, this has not always been the case. Imperialism has weakened class identity and strengthened people’s sense of national belonging. Nationalism has spread across the world and made inroads into many cultures and ideologies. Ironically, the governments of progressive nation states have been among the strongest internationalist actors. There have also been individuals, social movements, and minority parties that focused on internationalist politics. These instances, however, were rare. A positive example was the internationalist support for the Republican forces in the Spanish Civil War. [593]

There is no reason to believe that nationalism will always upstage internationalism. Nationalism has proven itself to be a powerful emotional tool. In the context of anti-imperialist struggles it also had revolutionary implications. We can reject nationalism on moral grounds, but that doesn’t necessarily matter much politically. The challenge lies in solidly embedding revolutionary sentiments in an internationalist spirit and developing relevant forms of political practice.

The struggle for national independence will continue to be a factor in the struggle for a different world. It is hard to imagine that, one day, capitalism will end simultaneously in all corners of the world, making way for socialism. Besides, socialism is not established from one day to the next; it takes decades. It will be a process marked by breakthroughs and setbacks, and it won’t be the same in all countries. There will be conflicts within countries and between them, but nation states will remain an important factor. The globalization of socialism requires nation-based anticapitalist projects to undermine the global capitalist system. [594]

Many forms of nationalism have proven to be a huge obstacle for the development of socialism, even if they initially had a progressive orientation. The national liberation movements of the twentieth century did not bring socialism to the Global South, the Soviet Union abandoned its internationalist aspirations and became primarily concerned with its national interests, and the conflicts that China had with both the Soviet Union and Vietnam weakened the global forces of socialism. When we assess a particular form of nationalism, we must take into account both the

nation's class composition and its position in the world system. For example, there is a big difference between a nationalism espoused by an imperialist nation or an oppressed one.

In the age of globalization, the internationalist (or transnational) aspects of anti-imperialist struggle are more important than ever. National resistance in the Global South cannot survive unless there are South–South alliances. The world system can only be overthrown if anticapitalist and anti-imperialist forces are supported globally. Anti-imperialism confined to nation-state borders is a farce. For example, one crucial question for future revolutionary politics will be whether the workers' and peasants' movements of China will revive an internationalist spirit or whether they will get caught up in national chauvinism.

The development of a transnational strategy must include the identification of revolutionary actors, an analysis of the economic, social, and political terrain, and a convincing explanation of why it will make life better for the majority of the world's population. [595]

The primary revolutionary actor of the near future will be the new proletariat of the Global South. Given the globalization of production, it is inevitable that it will develop a global perspective. Its struggles cannot succeed if they remain confined to nation-state boundaries. This would only create a race to the bottom between national working classes. There is a place for national tactics and strategies, but they must be embedded in international organizing and guided by internationalist principles.

Capitalism has globalized the market for goods and capital but not for labor. The global division of labor is administered by states protecting their borders and citizenship laws. Capitalism cannot bring globalization to completion. A global economy will not lead to a global state. The nation state still has important functions to fulfill for global capital. Transnational institutions serve the interests of globalization but regularly come in conflict with nation state sovereignty.

Strategies and Practices in the Global South

Since the former colonies of the Global South became politically independent, they have tried to strengthen their national economies. The strategy of delinking, most prominently championed by Samir Amin, demanded a focus on domestic economic needs and government control in

order to become independent from the capitalist world market and put an end to unequal exchange. This, however, proved very difficult. One reason was the level to which the colonial economies were integrated into the world market. Even after political independence, the former colonies needed to export raw materials to the imperialist center if they wanted to have any national economy at all. These exports consisted mainly of sugar, gold, silver, oil, minerals, metals, and tropical agricultural products. Monocultures were pervasive in the colonies and the industrial sector was weak. Foodstuffs for the domestic market were often imported. Any major change in the economy demanded the import of know-how and technology. This, however, required foreign currency—which could only come from exports, due to how the economy had been set up by the colonial powers. It was a vicious cycle most governments of the newly independent countries of the Global South found impossible to escape.

One of the ways in which countries in the Global South can increase their exports is to make deals with transnational corporations. Since this is what many countries in the Global South are trying to do, they end up in a competition over who has the lowest wages, the lowest corporate taxes, and the lowest ecological standards to offer. This, in turn, forces many of them to take World Bank loans to maintain the most basic health and educational services. To get the loans, the countries commit to introducing free trade and privatizing water, electricity, and mass transit. This creates high profits for those who play the game right. But even the countries that attract the most transnational corporations have a hard time turning their investment into a socially and ecologically sustainable economy. The profits end up in the pockets of the transnational corporations, the consumers of the Global North, and a small national upper class along with political leaders who have allied with neoliberalism: Mubarak in Egypt, the Assad family in Syria, the ANC in South Africa, and so on.

Despite the enormous difficulties involved, some countries in the Global South have indeed tried to delink themselves from the capitalist world system: for example, North Korea, Cuba, Iran after the Shah’s fall, and China before the 1980s. Success has been limited. Few governments apart from the Chinese have had the power and the organizational capacity to produce satisfying results. Any such effort requires the dedicated support of the people. It is remarkable that Cuba has maintained a high level of

independence despite the economic embargo against it and the collapse of the Soviet Union.

The industrialization of the Global South has created new possibilities. Some countries in Asia and Latin America have now reached a level of technological development that allows them to use their own raw materials rather being forced to export them. They have established independent financial institutions and rely less on the World Bank and commercial banks based in the Global North. South–South cooperation in the exchange of goods, services, capital, and technology is today a much more realistic option than it was in the 1970s. It is no longer utopian to imagine a delinking that undermines the imperialist system but still allows countries in the Global South to trade within South–South alliances and develop strong domestic markets. The technological and logistical requirements are in place. The question is whether there is also the political will. But even on that level, the first steps have been made.

South–South Alliances

The Bolivarian Alliance for the Peoples of Our America (*Alternativa Bolivariana para los Pueblos de Nuestra América* , ALBA) was founded as an alternative to the Free Trade Area of the Americas (*Área de Libre Comercio de las Américas* , ALCA), which was the US attempt to introduce a free trade agreement for all the Americas. [596] ALBA was initiated in 2001 by Hugo Chávez, at the time president of Venezuela. It was a concrete attempt to solve the dilemma of trying to delink from the capitalist world market and being dependent on resources only available from it. ALBA was meant to make at least a partial delinking possible. It favored the expansion of the public sector, production for the domestic rather than for the world market, social benefits rather than profit, and an economy based on solidarity rather than competition. The financial crisis of 2007 made ALBA popular throughout Latin America. Venezuela and Cuba had already signed agreements for economic collaboration in 2004. Nine more countries have joined ALBA since then: Bolivia, Dominica, Ecuador, Grenada, Honduras, Nicaragua, Saint Lucia, Saint Vincent and the Grenadines, and Antigua and Barbuda (the latter renounced its membership in 2010 after a right-wing, US-backed military coup).

ALBA is led by a council consisting of the member countries' presidents. There is also a ministerial council, and a "social movement council," serving in an advisory capacity. The member countries are expected to exchange goods and services based on their resources and possibilities. Exchange is not meant to be according to the conditions of the world market, such as requiring payment in hard foreign currency. Venezuela, for example, delivers oil to Cuba in exchange for medicine and medical services. The countries also trade soy beans, rice, poultry, and dairy products. Steel works are built in Cuba to serve both countries. A joint shipping company is meant to strengthen cooperation within ALBA. Venezuela and Cuba have also signed treaties with Bolivia, helping the country to expand its natural gas system. Cuba also provides aid to Bolivia's health and education sectors. On the Caribbean island of Dominica, thousands of people have received eye surgery from Cuban medics who also train local doctors. In 2008, ALBA introduced its own currency, the SUCRE (*Sistema Unitario de Compensación Regional* , or, "Unified System for Regional Compensation"). It was first used when Venezuela delivered rice to Cuba in 2010. Today, companies in Bolivia, Cuba, Ecuador, and Venezuela use it for their transactions within ALBA. In the long run, ALBA aims to become independent from the World Bank and the IMF, which have been responsible for implementing the neoliberal agenda across Latin America. The ALBA Bank grants low-interest loans to member countries, invests in industrial production and infrastructure, and finances schools and hospitals.

ALBA can be criticized for being a top-down project. This also makes it vulnerable, as it is too dependent on political leaders. Workers are not involved in any of the major decision-making processes, which contradicts ALBA's socialist ambitions. The dominant position of Venezuela is a particular problem; ALBA is largely financed by Venezuela's oil and promoted by its current left-leaning government. The instability of both oil prices and the political situation in the country have affected ALBA negatively. But ALBA has demonstrated that it is possible for Latin American countries to lay a foundation for common and progressive economic development. A project such as ALBA can help the participating countries to partially delink from the capitalist world market and strengthen their national economies. ALBA has proven that economic cooperation is possible between countries whose leaders don't necessarily share the same

political ideology. Cuba, Venezuela, Bolivia, and Ecuador have governments committed to socialism (even if they define it differently), which is back on the agenda in Latin American politics. This is also confirmed by many social movements committed to socialist principles. They no longer follow the traditional communist party model of trying to seize state power. Their goal is to, step by step, create the conditions that make a socialist society possible. But ALBA also includes countries whose governments are social democratic and mainly aim to free themselves from US domination and free trade. The US, of course, is strongly opposed to ALBA—but they have to accept that Latin America no longer wants to be their backyard.

Another Latin American initiative is the Bank of the South, established in 2007. Its goals are less ambitious than those of ALBA, but its reach is wider, since the bank includes the majority of South American countries. The Bank of the South was initiated by the governments of Venezuela and Argentina, which represent two blocs of South American countries whose interests converge in this case, mainly because both want greater independence from the US. One bloc consists of Venezuela, Bolivia, Ecuador, and, to a lesser degree, Uruguay, countries led by governments with a socialist vision. The other bloc consists of Brazil, Argentina, and Paraguay, countries led by governments that still believe in the capitalist project but want to strengthen national independence, especially vis-à-vis the US. A third bloc of countries, consisting of Chile, Peru, and Colombia, remain outside the project and support free trade with the USA and Canada.

Another notable project to strengthen South–South collaboration is BRICS, which stands for Brazil, Russia, India, China, and South Africa. Representatives of these five countries meet annually to discuss economic and political questions of common interest. The BRICS countries are very different geographically, socially, economically, and politically, and the aim of their collaboration is not socialism—far from it—however, they do have some things in common: they do not want to be incorporated into the global system on conditions set by the Global North; they understand that the current rules of the game do not benefit them but favor the US, Western Europe, and Japan; they want to have a voice in decisions regarding global development; and, they want to be a force in global politics.

South–South collaboration is not easy. Economic and political realities vary greatly across the Global South. China’s rapid industrialization creates

an enormous need for raw materials, which will affect South America, Africa, and the Middle East, whose countries, so far, have mainly exported to the Global North. Is it possible that the natural wealth that has historically been exploited by the imperialist countries will, in the future, be used for the development of the Global South? And can this development be based on mutual agreements and egalitarian relations that will benefit both the suppliers of raw materials and the industrialized nations of the region?

China has become a rival to the imperialist Triad. While populist movements in North America and Europe embrace slogans such as "America First," "UK First," and "France First," China is eager to strengthen South–South collaboration, and already invests in infrastructure projects abroad. For example, it is involved in plans to build a 5,300-kilometer-long railway from Peru to Brazil. Projects of such magnitude can only be realized if national economies are strong and benefit the poor. Otherwise, it will be hard to win the popular support necessary for South–South collaboration and defense against the inevitable attempts by global capital to destabilize it. Another requirement for broad collaboration across the Global South is a political vision to counter neoliberal hegemony—something that China has yet to deliver. [597]

State Socialism or State Capitalism?

China's integration into the global economy is a conscious national strategy controlled by the government. Faced with the neoliberal offensive after the collapse of the Soviet Union, the Communist Party of China chose neither passive submission nor rigid opposition to the neoliberal project. The Chinese government wanted to catch up with the rich countries and restore China's global might. In order to achieve this, the nationalist wing of the Party decided to copy the technology and management of the imperialist countries and enter the global market. At the same time, there are still factions within the Party committed to building socialism. This situation has led to the current form of Chinese state capitalism.

China was keen on avoiding an unconditional integration into global capitalism. The government defended its sovereign economic planning and forced global capital entering the country to adapt to it, not vice versa. China's aim was to develop a strong and diverse industrial sector on the

basis of joint ventures with transnational corporations. Conditions in China are, of course, unlike those in any other country of the Global South. Industrialization is controlled by the government. Certain regions are developed first according to a strategic plan. China has strong national banks and a strong national currency with increasing international importance. Agriculture has been modernized, and remains under strict government control. Land cannot be privately owned. Finally, the country is not engaging in an arms race to the detriment of the national economy, as happened with the Soviet Union. [598]

But questions remain. Can the influence of the transnational corporations be contained? Will China develop a strong national bourgeoisie that will seize power and turn China into a regular capitalist country? Will the appeal of consumer society be stronger than socialist convictions? Can state capitalism actually develop into socialism?

The only country whose situation can be compared to that of China is Vietnam. Besides those two, there are not many strong and inde- pendent national economies in the Global South. Russia has returned as an important player in global politics, eager to push back US and EU influence in the former Soviet republics and regions with strong historical ties to the Soviet Union. Its involvement in the conflicts of the Ukraine and the Middle East attest to this. But even if Russia aims to establish a national economy independent of the US and the EU, it is largely dependent on an oligarchy of private monopolies, established under the first post-Soviet government led by Boris Yeltsin. The oligarchs have no interest whatsoever in socialism. The conflict between Russia and the US/EU alliance is a classic conflict between (actual or aspiring) imperialist powers.

India’s economic policies are largely liberal. This has led to increased poverty in the countryside and millions of landless peasants. The situation is similar in Brazil, with the difference that poverty is mitigated by public welfare programs implemented by the social democratic Workers’ Party (*Partido dos Trabalhadores* , PT). In South Africa, the ANC has now been in power for almost twenty years and the economy is clearly neoliberal.

There is no indication that a capitalist development of the South, focused on improved productivity and economic liberalization as demanded by the World Bank and the IMF, would be able to improve the living conditions of the majority of people. The countries of the Global South cannot imitate the countries of the Global North in order to catch up with

them and copy their lifestyle. The lifestyle of the countries in the Global North depends on the exploitation of the Global South. The Global South, however, has no periphery to exploit. Furthermore, the planet cannot afford a global expansion of the lifestyle of the countries in the Global North, since it is ecologically unsustainable. But even the social standards demanded by the BRICS countries are impossible to fulfill within capitalism. Were they granted to the majority of the Global South's population, capitalism's crisis would deepen. To provide such standards, a share of capital's global surplus-value would be needed, and that is something it cannot deliver. There are simply not enough riches to allow even half of the world's population to live at the level that US citizens are used to, with capitalists still being able to make profits and accumulate more capital.

There will be no socialist future without an alliance between peasants and workers in the Global South and a delinking from the capitalist world economy. The first wave of anti-imperialist struggles focused on national independence. The one coming will focus on economic independence. National struggles and global resistance must become one.

The Parasite State Today

Even if the enemy is the same, there are huge differences between the struggles against the capitalist world system in the Global South and the Global North, for the economic conditions are different, requiring the struggles to take different forms.

The parasite state is a capitalist state. It is based on the accumulation of capital and the need to make profits. Private property is protected by law. But the parasite state is a special kind of capitalist state: its preferred political form is parliamentary democracy and there is universal suffrage and welfare. Even if the welfare state has come under pressure from neoliberal policies, politicians of all stripes remain committed to its most basic framework. The parasite state is not a dictatorship of the bourgeoisie. But who has the power in the parasite state? And what is the nature of class struggle?

The form that a particular state takes depends on the history of class struggle that has shaped it. The state needs to protect the mode of production but also needs to consider the balance of power between classes.

The absolutist state of the seventeenth century represented a power-sharing agreement between the feudal aristocracy and the nascent bourgeoisie. The modern democratic state represents a power-sharing agreement between the capitalists and the working class. Its government does not represent the interests of the capitalists or of the working class, it represents the interests of a particular mode of production. The modern democratic state is a compromise that has made it possible to ease the working class's misery within the capitalist order. In a series of articles published between 1848 and 1850 under the heading "The Class Struggles in France," Marx described the bourgeois republican state of the nineteenth century. Its constitution granted political rights to the classes it exploited. The bourgeoisie was not in full control. Marx wrote:

> "The comprehensive contradiction of this constitution, however, consists in the following: The classes whose social slavery the constitution is to perpetuate—proletariat, peasantry, petty bourgeoisie—it puts in possession of political power through universal suffrage. And from the class whose old social power it sanctions, the bourgeoisie, it withdraws the political guarantees of this power. It forces the political rule of the bourgeoisie into democratic conditions, which at every moment help the hostile classes to victory and jeopardize the very foundations of bourgeois society. From the first group it demands that they should not go forward from political to social emancipation; from the others that they should not go back from social to political restoration." [599]

The constitutions of liberal democracies today still serve the same purpose. They protect private property and ensure the ongoing economic dominance of the bourgeoisie, while granting political rights to all citizens, workers included. As a consequence, class struggle is reduced to the question of which class is able to draw the biggest political benefit in a race constrained by economic rules. Using the example of England, Friedrich Engels illustrated this in the introduction to his book *Socialism: Utopian and Scientific* :

> "It seems a law of historical development that the bourgeoisie can in no European country get hold of political power—at least for any length of time. … A durable reign of the bourgeoisie has been possible

> only in countries like America, where feudalism was unknown, and society at the very beginning started from a bourgeois basis. And even in France and America, the successors of the bourgeoisie, the working people, are already knocking at the door. … The industrial and commercial middle-class had, therefore, not yet succeeded in driving the landed aristocracy completely from political power (in England) when another competitor, the working-class, appeared on the stage. … Their claims to the franchise, however, gradually became irresistible; while the Whig leaders of the Liberals 'funked,' Disraeli showed his superiority by making the Tories seize the favorable moment and introduce household suffrage in the boroughs, along with a redistribution of seats. … All these measures considerably increased the electoral power of the working-class, so much so that in at least 150 to 200 constituencies that class now furnished the majority of the voters. But parliamentary government is a capital school for teaching respect for tradition; if the middle-class look with awe and veneration upon what Lord John Manners playfully called 'our old nobility,' the mass of the working-people then looked up with respect and deference to what used to be designated as 'their betters,' the middle-class. … But the English middle-class—good men of business as they are—saw farther than the German professors. They had shared their powers but reluctantly with the working-class. They had learnt, during the Chartist years, what that *puer robustus sed malitiosus* , the people, is capable of. And since that time, they had been compelled to incorporate the better part of the People's Charter in the Statutes of the United Kingdom. Now, if ever, the people must be kept in order by moral means, and the first and foremost of all moral means of action upon the masses is and remains—religion." [600]

We have already discussed the importance of the state for the capitalist world system. The state makes sure that the necessary infrastructure for production and trade is in place, it controls public institutions, and, at times, even the means of production. But the democratic order of the parasite state must not be mistaken for mere political management. Ali Kadri writes: "Democracy … is another name for the distributional function of the state reasserting the international division of labor." [601]

Class struggle in the Global North continues, but within the framework of capitalism. It has been waged back and forth within this framework for a long time. The labor aristocracy never challenged the capitalist system, and from the late 1950s to the mid-1970s it largely succeeded in advancing its interests within the democratic state.

With the neoliberal offensive, the bourgeoisie regained the upper hand. The constant increase in living standards that Western workers had enjoyed for a generation, seemed to slow to a grinding halt. There have not been significant differences between social democratic and liberal governments in this regard. All political parties now must adapt to the economic realities and ensure the accumulation of capital. The electoral system in the parasite state distributes the spoils of imperialism. Otherwise, its role is limited. Power shifts often reflect shifts in the global economy that national actors have little control over. Liberal democracy adapts to the economy, it does not control the economy.

The capitalist welfare state has developed new ways of controlling its population. Outright repression no longer plays a central role. The state instead tries to unite the government and the people in a national symbiosis: only citizens are entitled to state benefits, while non-citizens are excluded. This establishes a national interest that is identified with the interests of both the state and the citizen. Citizens live in the bosom of the welfare state, workers included. The transformation of the dangerous classes into loyal citizens in the Global North was intrinsically linked to imperialism. It ensured that the people of the poor countries would not enjoy the same benefits. The philosopher M.G.E. Kelly has called this “biopolitical imperialism.” In his book of the same name, he writes: “I will argue that biopolitics constitutes a missing link in explaining how imperialism involves the ordinary people of the First World. For one thing, biopolitics provides a mechanism by which the profits of imperialism may be spread to a whole population. By uniting us in a single population, moreover, biopolitics generates solidarity between people and elites.” [602]

This indicates that the parasite state not only expresses itself in the form of a consumer society but also in the way that the state provides for the population. The poorest people in social welfare states can receive government benefits that are ten times higher than the average income of an Indian worker. Life expectancy in European welfare states is fifteen years above that in India. [603]

But the strong identification with one's nation state among people in the Global North also poses problems for global capital. It stands in the way of the "transnational state" that would allow for the smoothest accumulation of capital. This tension is expressed in the current crisis of the EU.

Welfare is of course not in itself imperialist, but the historical development of the welfare-state cannot be detached from imperialism. To this day, it redistributes the superprofits from the exploitation of the Global South among the population of the Global North. The solution is not to fight against the welfare-state as such. It is to demand that its services—free health care, education, and so forth—be provided globally—and this is not possible within a capitalist world system

The Parasite State in Crisis

Capitalism's current structural crisis has also thrown the parasite state into crisis. Tensions between capital and the working class have increased in the Global North. Due to the demands of neoliberalism, the governments of the social welfare states are no longer able to distribute power and riches to the satisfaction of both capital and the working class. The welfare state is slowly being dismantled. Calls for a return to the 1970s are short-sighted, since doing so is not an option. Neoliberalism was introduced because that welfare state was no longer sustainable. Besides, calls to reestablish the welfare state of the 1970s often have a strong nationalist bent. Louder even than the demands to limit welfare cuts and outsourcing are the demands to limit immigration. No one, however, complains about cheap goods coming from the Global South. Essentially, the people of the Global North demand a strong nation state to protect the assets of transnational capital. This creates a political climate in which fascist movements flourish. In today's right-wing movements, protectionist views and racism overlap.

Apart from the moral bankruptcy involved, these are losing strategies. It has become much more difficult for the working class in the Global North to pressure capital, and it has become much more difficult for the state to act as a mediator between classes. The former cohesion of the First World nation state has been eroded by globalization. This is reflected in the only two answers that currently seem available to those worried about their privileges: either they embrace neoliberal parties in the hope that these will produce more riches, or they embrace right-wing populist parties in the

hope that these will at least protect the riches they have. Neither answer challenges the system, but they contradict one another and cause much political tension.

There is poverty and oppression in the Global North, too. Migrants in Europe and the Black community in the US face it daily, not least in relation to the police and the prison system. But struggles against poverty and oppression in the Global North easily reach their limits. This is partly because the problems concern minorities, and movements against them can't garner mass support. More importantly, however, the problems cannot be solved within the current system. Many on the left miss a crucial point: these problems are not confined to individual countries. They are the result of a global system of exploitation and oppression. If they are solved in one particular country by expanding welfare services to formerly neglected communities, someone else is having to pay for it. And it's not the capitalists.

The entire political spectrum of the Global North has in recent years moved to the right. Today, we have three main currents: neoliberal social democracy, right-wing populism, and national leftism.

Neoliberal social democracy, introduced by the UK's New Labour, is difficult to distinguish from other forms of neoliberalism. Their "working-class" politics consist of suggesting to workers of the Global North to get educated and grab the best-paying jobs within the global chains of production, in management, design, advertising, sales, and what specialized high-end manufacturing remains in the Global North. Other than that, neoliberal social democratic parties do what other parties do: see to it that transnational corporations have investment opportunities.

Traditional working-class voters have abandoned the social democratic parties in droves. Workers who get the best-paying jobs switch to the neoliberal parties proper, which are staunch defenders of private property and low taxation. Workers who do not get the best-paying jobs turn to right-wing populism or national leftism. Across Europe, social democratic parties, once mass parties, risk becoming insignificant. In Denmark and Austria, they are now collaborating with right-wing populists to stay afloat.

As capitalism's contradictions grow, certain sections of the working class have become outright reactionary in defense of their privileges. Right-wing populist parties with strong working-class support are the fastest growing political force in the Global North. The examples are many: *Front*

National in France, *Alternative für Deutschland* in Germany, *Dansk Folkeparti* in Denmark, UKIP in England, Trump in the US, and so on. The expression of national chauvinist, racist, sexist, anti-immigrant, and Islamophobic sentiments has become a regular feature of political debate. We are witnessing a circling of the wagons, with many members of the white working class centrally involved.

With the strength of social democratic parties and trade unions dwindling, the working classes of the Global North are now looking for different vehicles to protect their privileges within the global division of labor. Protectionism will stop both outsourcing and immigration. The welfare state is to serve citizens of the nation only. This is deemed just, since it was apparently the working classes of the Global North who created the welfare state. The people of the Global South had nothing to do with it, and immigrants are considered a threat, arriving to reap the benefits. This is the aforementioned biopolitical imperialism, expressed in demands for anti-immigrant legislation and militarized borders. One thing must be clear: working-class support for right-wing populism does not come from false consciousness or political naiveté. It is based on national egoism. Nothing makes the crisis of the left more obvious than so many people who are opposed to global capitalism, turning to the right.

Some politicians and parties holding on to traditional social-democratic values have also gained support in recent years. Bernie Sanders is one example. The moderate positions he represents confirm the extent to which radical leftism has disappeared off the political radar. Any radical left-wing position, it is feared, will only alienate voters. In the 1970s, there were people in left-wing parties who saw parliamentary politics as an extension of extra-parliamentary movements. Today, such a view is hard to find. It has been cast overboard as “revolutionary romanticism.” Instead, PR strategists are hired to maximize the electoral vote. The target audience of the traditional social democratic parties are voters dissatisfied with social democracy’s neoliberal turn and longing for the old welfare state.

Some of these social democratic parties also target the voters of right-wing populist parties whose concerns, they say, “must be taken seriously.” In practical terms, however, this only means helping them defend their privileges against “foreigners” who are not only exploited but also demonized. Fascism often comes in socialist garb. This can happen because the welfare state was built on imperialist exploitation. It meant socialism for

some, but not for others. (Which, arguably, meant no socialism at all.) The collaboration with right-wing populism legitimizes racism. It helps the far right become respectable and raises the specter of fascism. Unless we are clear about the nationalist dimensions of the welfare state, and focus on the global conflict between capital and labor, we cannot fight these tendencies effectively.

The left in the Global North has no long-term strategy that includes the economic liberation of the Global South. But as the structural crisis of capitalism deepens, such a strategy must be developed in order to bring working-class resistance in the Global North and South together, rather than to have workers in the Global North oppose radical movements in the former colonies.

Complicating this picture, some factions of capital in the Global North also oppose globalization. They do not want to, or simply cannot, outsource, and therefore have to compete with cheap labor. National-conservative currents prefer using military power to maintain global privileges, rather than multicultural globalization. They were strengthened by the financial crisis of 2007. The EU's current difficulties are a reflection of the consequences of this. Transnational corporations and the finance sector still champion unrestricted globalization and demand a strong and centralized EU to ensure it. Meanwhile, the national-conservative factions of capital unite with those workers who would like a return to stronger nation states. No one engaged in parliamentary politics can ignore these developments. As a consequence, the traditional parties of the European parasite states desperately seek a compromise that will satisfy the demands of both the people and transnational capital.

The situation is somewhat different in the US, where social democracy and left-wing parties never had the same political influence (an exception was Franklin D. Roosevelt's New Deal which brought the US out of the Great Depression). Overall, politics in the US have been determined by markets and money. The power of the office of president and the two-party system limit the democratic options for change provided by the parliamentary systems of Europe. Fittingly, right-wing populism takes on particular authoritarian forms in the US. It is not fascism in its classic form —Trump doesn't have stormtroopers in the streets—but he aims to establish hegemonic power. This concerns state institutions such as Congress, the judiciary, the police, the military, the federal government, local authorities,

and so on, as much as the media or schools and universities. Trump's supporters mainly come from the lower middle class and the privileged sections of the working class: skilled white male workers in blue-collar industries with above-average income and a fair bit to lose. [604] Trump has brought them together with the national-conservative factions of capital under the promise to "Make America Great Again." The proposed strategy combines economic protectionism with military might. It is a very risky project. Trump cannot undo the effects of neoliberalism; Apple electronics, Nike shoes, and Levi's jeans will never be produced in the US again, not as long as US wages are ten times those of China. Tariff barriers can at best throw sand in the gears of the global chains of production, but the effects will be minimal.

The Hourglass Society

New class alliances are forming in the Global North, causing divisions within both capital and the working class. Not only do they threaten the EU and other neoliberal institutions, but they also interfere with the functioning of the parasite state. These new class alliances are the result of economic developments. We are moving toward an hourglass society, where the privileged working and middle classes of North America and Western Europe are under enormous pressure. Neoliberalism has created polarization in the Global North. Prices for goods have come down, but wages are no longer secure. This is very obvious in what remains of the textile industry, but also already goes far beyond that. Wages drift apart, as they are increasingly determined by the new global division of labor, which includes (documented and undocumented) labor migration.

The working class in the Global North can today be divided into the following main groups:

Undocumented migrants work in agriculture (for example, as strawberry pickers in Spain or as tomato pickers in Italy), as cleaners, dishwashers, and so on. They belong to the "underground economy" and receive the lowest wages. Much of their income is sent home to their families. They impact the wages of unskilled labor but remain outside the welfare system. They are victims of social exclusion and racism.

Documented migrants work in construction, health, transportation, catering, cleaning, and other industries that cannot easily be outsourced.

Their jobs may or may not be unionized. They often accept lower wages than the traditional workforce and impact the wages of both unskilled and skilled workers. They, too, are often victims of racism.

Unskilled and skilled workers are found across all industries: textiles, machinery, electronics, automobile, and shipbuilding. Their wages are affected by the relocation of industry to the South and by competition from documented and undocumented migrants. In recent years, they have stagnated or even fallen. This is especially true for countries with weak trade unions, for example the US. Many of these workers support right-wing movements and parties.

Skilled workers in niche sectors such as biotechnology, pharmaceutics, environmental technology, and so on, are still experiencing rising wages. They are at the top of the labor aristocracy. However, there is no guarantee that their jobs won't be outsourced in the future. This section of the working class is drawn toward neoliberal social democracy.

The administrative and creative classes work in management, finance, logistics, design, development, branding, and marketing. They make up the Northern end of the global chains of production and their wages are still increasing. They tend to support ongoing neoliberal globalization.

Outside of these groups, there is a growing number of people who rely on social services or who are only temporarily employed, earning low wages. This is the so-called *precariat* . But there are also workers without long-term contracts who receive very high wages for work related to the global chains of production, in research and development, branding, and so on.

The growing gaps in income are reinforced by the better earners being able to evade taxes and to invest not only in various pension funds but also in real estate. The rich get richer, the poor get poorer, and society's class structure increasingly resembles an hourglass. This polarization will become even more pronounced in the coming decades. Those on the losing end will not passively accept this. Tensions between them and the neoliberal elite will intensify. Many workers will ally themselves with the national-conservative factions of capital, such as the military-industrial complex and other security-related industries, and important sections of the agricultural industry, with both big and small farmers feeling the pressures of neoliberal monopoly capital. This is inevitable when capitalism is in crisis. To keep up the profit rate, capital must put pressure on labor everywhere.

In their struggle against capital, the working classes of the Global North face a dilemma: on the one hand, neoliberalism is dismantling the welfare state, which was the result of working-class struggles; on the other hand, neoliberalism is a requirement for globalized production, which today —via taxes on the relatively high wages in the Global North made possible by the low wages in the Global South—has become necessary in order to maintain the welfare state. In other words, the relationship between the labor aristocracy and capital is ambivalent. On the global level, the labor aristocracy still benefits from the capitalist order, but on the national level, it must fight harder and harder to receive its share. It wishes to preserve capitalism, but in a form that protects its privileges. This is becoming increasingly difficult. One consequence is that members of the labor aristocracy have largely abandoned any working-class identity. They see themselves, first and foremost, as citizens of a privileged nation state. This explains their deserting social democratic parties and veering toward the political right. But doing so offers no solution to their problems. Right-wing nationalism is as dependent on global capital as traditional social democracy was.

The future will be characterized by two main class alliances among the privileged citizenry of the imperialist countries: one brings together those at the bottom of the hourglass, troubled sections of the middle class, and the national-conservative factions of capital; the other brings together transnational capital, the upper middle class, and skilled workers in niche sectors. The power-sharing agreement between capital and labor will continue to create tensions. The parasite state and the labor aristocracy are far from the final expressions of these tensions, which will intensify with capitalism’s structural crisis. Capital needs to lower wages to secure profits. With respect to class struggle in the Global North, we must distinguish those forces that only want to protect their share of the imperialist cake from those that interact with class struggles in the Global South. If we ignore these contradictions within the working classes of the Global North, our analysis of the parasite state and the labor aristocracy will be incomplete. It is not enough to wait for the workers of the South to overthrow capitalism. We—revolutionaries in the Global North—must contribute to making this possible. I will now, in the book’s concluding chapter, look at how this might be done.

chapter 12.

Visions and Strategies

Optimism and Pessimism

IN THE LAST DECADES, THERE HAS been widespread pessimism in the Global North concerning the possibilities of radical change. This is understandable given previous failures to establish socialism and the decline of worldwide anticapitalist resistance during the 1980s. In the 1970s, we were probably too optimistic. But that was understandable, too. Millions of people wanted revolution, and revolutionary uprisings had been shaking the Third World for fifty years. The people of Vietnam had defeated the US superpower. In 1968, revolutionary uprisings reached the First World. The subjective revolutionary forces were strong, but we underestimated capitalism's ability to turn the tide and retaliate with a successful economic, political, and military offensive. Capital was not out of options yet.

Neoliberalism ushered in a golden age for capitalism. It seemed that we had reached "the end of history." But we hadn't. Today, the system is in crisis. The objective conditions for change are good, and change will come. The question is what kind of change. Right now, it is populist right-wing movements that profit from the crisis. Nationalism, racism, fundamentalism, and fascism are on the rise. The problem for revolutionaries is the subjective forces. Pessimism gets in the way of revolutionary hope: "There is no point in fighting," "Capitalism is invincible," "Capitalism survives every crisis," "All attempts to establish socialism have ended in disaster," "Capitalism is the only realistic option," and so forth. The result is a cynical, defensive, and toothless critique of capital with no global perspective. Therefore, I choose optimism.

When I say optimism, I don't mean naiveté. It is not inevitable that history will throw capitalism into the dustbin and replace it with socialism. It is not simply a matter of time until "the masses get it right." What I mean is *realistic* optimism, taking into account the structural economic, political, and ecological crisis and instability of global capitalism, as well as the hundreds of millions of new proletarians in the Global South who have "nothing to lose but their chains," and who are becoming ever more conscious of their own power.

The global chains of production have created new economic contexts and new possibilities for resistance, both in the Global South and the Global North. Anti-imperialism no longer focuses on national liberation, as it did in the 1970s. Today, it focuses on economic liberation from global neoliberalism. This means that anti-imperialist struggles have a stronger anticapitalist profile. The peoples of the Global South want to liberate themselves from neoliberalism's exploitation by delinking from the capitalist world system and increasing South–South collaboration (or, as in the case of China, by entering into a controlled coexistence with capitalism). Workplace struggles will intensify, which will lead to broad political struggles. The anti-imperialism of the future will have a clear class perspective.

Revolutionaries living in the Global North must be more than passive bystanders in this process. It is not enough for them to wait for the workers of the Global South to do their magic. Economic and political conditions in the Global North are changing, too. People feel the crisis. We have already seen this in Greece and Spain. By itself this doesn't guarantee any change for the better, but it opens up the possibility.

Capitalism's structural problems won't disappear. We will see speculative bubbles, volatile property and stock markets, ideological and cultural conflicts, and increasing competition over resources such as water, clean air, food, and energy. The populations of the BRICS countries will demand higher living standards, which will threaten the profit rate and accumulation of global capital. There will be economic insecurity causing people to demand protectionist measures, which, in turn, will lead to political conflicts and crises of governance. Climate change, ecological disasters, and pandemics will become daily occurrences. In short, the future is very insecure for the state, capital—and regular people. Investment and consumption will decline. We have a tendency to believe that everything will always be the way it is now, but this won't be the case. To pretend that it will only makes matters worse. We are entering a dramatic era. In his prison cell, Antonio Gramsci predicted the rise of Italian fascism: "The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appear." [605] This applies to the current situation.

A Threefold Strategy

The demise of the national liberation movements with a socialist orientation and the collapse of the Soviet Union were not the end of socialism per se, but they proved that the road to socialism was long and windy. The same was true for capitalism, however. It first raised its head in the Italian city states of the fifteenth century, but only established itself fully in England four hundred years later. Furthermore, there is no guarantee that capitalism will be replaced by socialism—for instance, what if the right-wing forces of the Global North go to war with the masses of the Global South? But this is not the scenario I want to focus on here. I want to focus on the requirements for a positive outcome to the capitalist crisis.

As we have seen, the objective conditions for change today are good. The problem is the subjective forces. Will they be able to develop the strategies and forms of organization we need? The three main questions we must consider are the following: What does economic and political revolution look like in a globalized world? How can we overcome the division of the global working class? And how do we redeem socialism's bad reputation?

- *Globalization and Revolution*

From the times of Karl Marx until the 1920s, it was understood that the only realistic chance for a socialist revolution was a world revolution. Or, at least, a revolution in the world's most powerful countries. Lenin held this belief until his death in 1923; he thought that the Russian Revolution could only survive if revolutions in the most advanced capitalist countries would follow. But this did not happen. Nationalism had a stronger appeal. Across Europe, social democratic parties identified the interests of the working class with the interests of the nation. Eventually, nationalist sentiments grew strong in the Soviet Union as well. Nationalism was also a key factor in Third World liberation struggles: in fighting for their political independence, oppressed nations pitted a progressive nationalism against the reactionary nationalism of the imperialist nations.

History proved Lenin right. The obstacles to building socialism in a capitalist world are enormous. This requires us to return to socialism's global ambitions—the only realistic ones. Of course, we cannot simply ignore the fact that our political reality is defined by nation states. Our

political actions and tactics must consider national conditions, but the long-term strategy must be a global one.

The relationships between globalization, the nation state, and revolution are not simply geographical. They concern power structures and require us to think revolution in a different way. Our analyses of power have centered too much on the state. Many of us believe that radical change comes from taking control of the state apparatus, despite the fact that the historical record shows that this is not the case. There are two reasons for this: the power of the state is constrained by the global economic order; and many of the most important power structures are reproduced by social interactions, not state institutions. The Soviet government was in power for seventy-five years, but the societies of the Soviet republics did not fundamentally change. This was even true for labor relations. Working in a factory in the Soviet Union was not fundamentally different from working in a factory in a capitalist country. Families, schools, and urban landscapes in the Soviet Union did not differ fundamentally from those in the capitalist world. And so forth.

State power is geared toward repression and control rather than toward creation and renewal. It is a useful tool with which to rule but not a very useful tool with which to change people's norms and values. Since it is used to prevent revolution, it is important to seize state power to enable revolution, but the revolution itself must reach much further, otherwise it will be incomplete. The requirements of revolution are much less centralized and much more complex than state power. The power relations that must be revolutionized are embedded in everyday relations, in customs, perceptions, attitudes, etc. The revolutionary struggle is a struggle over defining what is true and false, what is good and evil. It is a struggle for the hearts of the people. It happens everywhere and can take many forms. To be revolutionaries, we must acknowledge this and be prepared.

- *A Divided Working Class*

Capitalism has spread wage labor to all corners of the world. More and more of our social relations resemble wage relations. For most of us, wage labor is the defining aspect of our life. This also makes it one of the most important fields of political struggle. But we live in a divided world with a divided working class. Local struggles without a global perspective only

serve narrow interests. The trade union movement is a case in point: the response of almost all trade unions to globalization has been to try to secure the best possible deal for the national working class. Most trade unions have abandoned any critique of capitalism.

While the global division of labor has divided the working classes of the North from those of the South, the global chains of production tie them together. Workers in the Global North and South are often employed by the same companies or corporate networks. This opens up possibilities for transnational resistance. It would make a huge difference for revolutionary perspectives if the trade union movement had a strategy that matched that of finance capital and the transnational corporations. What if ITUC, as a world trade union, took on the WTO? This, of course, would require trade unions that were not afraid to leave the terrain of narrow nationally-defined interests and enter the terrain of world politics. It would imply not simply fighting for better wages but also for workers' control and the involvement of trade unions in the organization of labor, in discussing ecological questions, in decisions about which new technologies to develop, etc. Ideally, labor struggles would involve alliances with social movements strong enough to challenge neoliberalism's hegemony.

If we want to create a more equal world, wages must be adjusted globally. The international trade union movement is demanding guaranteed minimum wages in the Global South. This is an important step, but the struggle must not end there. There must be a demand for *equal global wages* . Only an international trade union movement based on global solidarity can make such a demand. It is a very simple one, asking for nothing but fairness and justice. Unequal exchange is the result of unequal pay for work of equal value. It is unfair and unjust to pay people less simply because they live in a different country. We must apply the same principle we apply to gender: a woman must not be paid less if she's doing the same type of work as a man simply because she's a woman.

It might seem unrealistic to demand equal global wages. Would this not make the economic world system collapse? Would it not lead to more consumption and, in turn, to even more ecological destruction? In the end, it all depends on political will. Market forces are not laws of nature that we have to adapt to, no matter the sacrifice. Market forces are made by humans, and humans can change them; for example, by bringing production and distribution under democratic control. Even within the confines of

global capitalism, wages across the globe could be more equal if politicians wanted to have it that way. We are certainly able to change our lifestyles and patterns of consumption. Quality of life and sustainability are not mutually exclusive.

Struggling for equal wages and better working conditions for everyone on this planet does not mean abandoning the communist fight for the abolition of wage labor and an economy based on ability and need. But for this fight to be appealing, we must make the communist vision concrete. Apart from criticizing neoliberal wage labor, we need examples of how we can find different ways to produce what we need for a good life. This leads us directly to the third main question any future socialist politics needs to tackle: socialism's reputation.

- *The Socialist "Brand"*

In the 1970s, millions were ready to fight and die for socialism. Today, hardly anyone wants to talk about socialism. The argument that its potential is much greater than what we have seen so far doesn't convince many people. With neoliberalism, socialism has been pushed to the political sidelines. If we want it to once again be a serious contender on the battlefield of political ideas, we need to formulate new visions of socialist societies.

For Marx, the questions of freedom and democracy were not primarily political questions, such as: Are there free elections? Is there a free press? Are human rights being respected? For Marx, the key to freedom and democracy lay in social relationships, ranging from family life to the organization of production. In the Global North, we fancy ourselves living in a democracy, but key factors in our lives, for example the economy, are not democratically controlled at all: investments are based on private profit, workplaces are authoritarian and hierarchical, and the fruits of our labor are distributed unequally. The right to private ownership of the means of production contradicts democracy's most basic ideas.

In actually existing socialism, democratic control of the economy meant socialization of the means of production. This, essentially, translated into the state owning them. Workers rarely felt that the factories they worked in were theirs. Regardless of the government's propaganda, the workers were not the state. Actually existing socialism never developed a

proper socialist form of production. Instead, it became a competitor to capitalism. In a world dominated by capitalism, socialism could never come into its own.

If socialism is about satisfying people's needs, then who can define these needs other than the people? It is crucial to create institutions and procedures that allow people to have an impact on the decisions that are relevant to their lives. Almost all people want to control their own lives, yet many have no interest in politics—this is telling. True democracy allows people to have an influence on what their workplaces and neighborhoods look like. There is a need for the re-politicization of everyday life. Representative politics need to be replaced by participatory politics. This would make it obvious how mutually dependent the individual and the community are. It would teach us to compromise as well as to formulate common goals. The exact form participatory politics takes would depend on local conditions. The Zapatistas provide us with one concrete example. If local conditions are the only ones that matter, though, the resulting politics can easily become reactionary. The local must always be connected to the global.

Some economic decisions must be made at a central level by representative assemblies; for example, if they concern the general relationship between production and consumption, or the focus of investments. Whether a local, regional, national, or global assembly is required to make the decision depends on the scope of the question. What is important is to consider the needs and interests of those most affected. This is part of a socialist vision. If we want to redeem socialism and turn it into a popular "brand" once again, we must develop concrete and viable ideas about how to govern and produce in a socialist society. We must move from the ideological plane to the practical one.

Short, Medium, and Long-Term [606]

How do we develop the politics and strategies necessary to move toward socialism? In my opinion, we need to consider three different time frames: 1. The short term (1–5 years). 2. The medium term (5–20 years). 3. The long term (20–50 years).

Regarding the *short term* , we need to look at the governments, political parties, and social movements that currently exist. We need to look

at our lifestyles and patterns of consumption. Eating, working, shopping—we live our lives in the short term. We decide who to vote for in the next elections (or whether to vote at all). We try to figure out what the most important political questions are, and what we want to discuss with our friends and colleagues. We think about whether we should participate in a particular demonstration or strike. Should we join a political organization? Or pursue a professional career instead? Globally, short-term politics will be framed by the proletariat of the Global South demanding a bigger piece of the pie, working-class people in the North defending the welfare state, and capital trying to defend its global power.

The *medium term* is the most interesting from a strategic perspective. Here, militants can make a crucial difference if they find the most effective forms of organizing and develop the right ideas to move forward. Sadly, the medium term has long been neglected by the left. There are often heated discussions about both the short term ("What slogans will we use at the protest tomorrow?") and the long term ("What does a socialist society look like?"), but the strategic dimension of political struggle has fallen through the cracks. Yet, the correct strategy will decide whether capitalism's crisis will result in socialism or something much worse.

Regarding the *long term* , I see two possibilities. The first is a positive outcome of the capitalist crisis with more equality and democracy in the world. The second is a negative outcome of the crisis with a world that is fragmented, plagued by violent conflict, and defined by exclusionary national, cultural, and religious identities. States will be authoritarian, and there will be brutal exploitation. Our visions and strategies are what will make the difference.

- *The Short Term*

Our short-term political work tends to be mainly defensive. We try to prevent things from getting worse and defend what we have. Our politics become opportunistic and we often choose the lesser of two (or various) evils. In the here and now, people know what their needs are and what they want. Future promises count for very little if immediate needs remain unfulfilled.

On the basis of such politics, however, we cannot change the system. This is especially true in the Global North. In the Global South, struggles

for better living conditions can be tied to demands for radical changes in the long term. In the Global North, short-term interests are impossible to align with radical politics in the South—not even with viable medium-term strategies in the Global North itself. Even establishing a strong international trade union movement, for example, could contradict short-term interests.

If we only focus on the short term, it will be difficult to reach a proper understanding of capitalism's crisis. In recent years, we have seen the electoral success of some new populist left-wing parties, such as Syriza in Greece and Podemos in Spain. In the short term, this might alleviate some of the most urgent problems faced by the people of those countries, but in the medium and long term, it won't make much of a difference. Attempts to restore the welfare state are destined to fail. We no longer live in the 1970s. Besides, none of these parties shows any interest in struggles in the Global South. Their constituencies include some people with radical ideas, but also many who are simply tired of the traditional parties. Left-wing populist parties have great difficulties delivering on their promises once they come to power. If they really put pressure on capital, the market will punish them and a recession will follow. They will be forced into compromises that will frustrate both their radical and their reformist followers.

The power of global capital strongly limits the possibilities of left-wing populism. There can only be radical change if the relief of immediate problems is tied to medium-term and long-term perspectives. The goal is not to solve the crisis of capitalism in Greece or Spain, or in the United States, for that matter. The goal is not a return to welfare capitalism. The goal is to find solutions *beyond* capitalism.

Many on the left seem to have forgotten that an economic and political crisis opens up revolutionary possibilities. We don't need to long for a crisis and the related suffering of millions of people, but we need to be prepared for it. We need to be able to fight the crisis by suggesting a radically different mode of production. This is not just the only revolutionary solution, it is the only real solution, since nothing else can end capitalism's crisis. Reforms will only perpetuate it. Did Greece benefit from negotiations with the EU? Radical changes—ideally, based on collaboration with left-wing forces in the Balkans, Turkey, and across the Mediterranean—would have certainly been more rewarding.

There will be periods in the coming years when it seems that capitalism has recovered. But they won't last long. We are past the point

where capitalism, as a historical system, can survive.

- *The Medium Term*

Medium-term politics consists of developing strategies, practices, and organizations able to bring capitalism's structural crisis to a positive end. We need to understand the most important of capitalism's contradictions so as to be as effective as possible in our political work. This requires knowledge, experience, analysis, discussion among militants, ideas with broad appeal, grassroots organizing, and popular alliances. We cannot rely on the top-down organization of the state. We need movements that have enough strength and cohesion to act effectively on their own, but that are still willing to collaborate with others. Short-term politics are characterized by compromise, medium-term politics are not. Their primary goal is not to alleviate immediate problems but to make long-term radical change possible. This does not make medium-term politics less realistic. Their realism, however, is not one of opportunism but of building a different world.

It is difficult to find broad support for radical politics in the Global North. People have too many vested interests in the current system to wish for its demise. Due to their strategic significance for the imperialist order, however, struggles in the "belly of the beast" are of crucial importance. With right-wing populism on the rise, we face a situation where conflicts between imperialist powers might once again dominate global politics. Anti-imperialists in the North will be a minority, but an important one. Members of the labor aristocracy and the middle class can commit "class suicide," even if this contradicts their objective interests. History provides many such examples. There has been radical First World support for the struggles in Vietnam, Palestine, South Africa, and Chile. We must avoid the illusion, however, that a bit of education will radically change the outlook of the labor aristocracy as a whole.

The coming decades will be characterized by economic instability and military conflicts. In the Global North, if even 5–10 percent of the population end up working for radical change in the world system, it will make a huge difference for the struggles in the Global South. Breaking the chains of imperialism will become significantly easier. Many people in the Global North will regard this as treason against their nation, or even their

class. Governments are already criminalizing international solidarity with socialist movements, as support of alleged “terrorists.”

The political groups I was organized in during the 1970s and 80s focused a lot on the question of where you *don’t* find revolutionary potential. Our specific targets were the working classes of the First World. This was not exactly geared toward mobilizing people, but it helped us advance what we deemed crucial, namely support for anti-imperialist movements in the Third World. The global perspective remains important. The global nature of the capitalist system requires that we understand class formation and economic development around the world in order to be effective in our political work. We must identify the movements and organizations most likely to challenge capitalism, and the most promising forms of political action.

The struggle of the new proletariat in the Global South is expressed in resistance at the workplace, the emergence of social movements, its organization in political parties, and other forms. There are still some progressive governments that back these efforts, too. There is always a need for concrete material support, but political support is needed, as well. Developments in China, with its economic and political importance, are of particular interest. Collaboration with militants in China must be based on an understanding of the particular conditions of their struggle. The Chuang collective, which documents and discusses anticapitalist resistance in China on its blog, explains this as follows:

> “[W]hen a group of workers go on strike in China, for example, few Europeans learn about it until the strike is over, and even if it’s still going on, there is no way for the latter to donate to a strike fund without seriously increasing risk to workers and networks facilitating the transaction. … The transnationality of companies involved in such struggles points to the possibility of transnational proletarian actions and networks that could actually pressure such companies. … [B]oycotts attempting to support Chinese strikes, such as those of Yue Yuen footwear workers in 2014 …. at least, took Chinese workers’ initiative as their starting point, attempting to foment international proletarian support, but their limitation to (largely ineffective) boycotts of retail outlets prevented this sentiment from developing beyond small symbolic actions. This sort of action would be more effective if it

> spread to chokepoints along the global supply chain from manufacture to retail. This would require communication among logistics workers that is currently lacking, although there have been promising developments among warehouse workers in Italy, for example. … [T]he main limitations seem to be the lack of awareness and concrete connections among workers of different countries—and even among workplaces of the same companies in the same country. China is at the forefront of new security mechanisms (technical and political) aimed at forestalling such transnational proletarian solidarity facilitated by China's own integration into the global market. At the same time, that integration cannot function without connecting proletarians across national borders in some way, and Chinese workers have become particularly savvy on the internet, with a few worker-activists seeking and distributing information about struggles in other countries and utilizing their international connections to support domestic struggles. … For proletarians outside of China, we would like to emphasize that, in the 21st century, everyone is connected to China to some extent. Especially with regard to the prospects of communist revolution, Chinese proletarians will be central in one way or another due to the central role of China and Chinese workers in the global economy, not to mention the sheer size of the Chinese population. This means that, if we want to play a role in any movement aspiring to supersede capitalism, we must develop personal relationships with Chinese workers and improve our understanding of Chinese conditions and history, going beyond the mythology fed to us by friend and foe alike." [607]

Radical anticapitalist resistance in countries such as China, India, South Africa, and Brazil has much more revolutionary potential than national liberation had forty years ago. These countries are no longer at the periphery of the global economy. Enormous value is created in the Global South and consumption in the North has become dependent on it. The coming revolutionary movements of the Global South will have an enormous impact everywhere. Coordinated actions between workers in the Global South and the North will be possible. For instance, when the former protest working conditions at particular workplaces, the latter can boycott brands whose goods are manufactured there. And so forth.

A big question is what political and economic relations in the Global North will look like once unequal exchange is gone. We will without doubt become materially poorer. This, however, does not mean that our lives will be poorer. They might quite likely be richer if based on principles other than consumption and growth. In any case, there is no point in waiting until global wealth has been redistributed to live according to socialist principles. This can and must begin right now. “Fair trade” must not remain a consumer choice but become a guiding principle in international relations. We must be willing to pay higher prices for goods produced in the Global South. It will require us to consume less and differently than today; some of the goods we consume we might even produce ourselves again.

A transformation like this can only be based on values that focus on community instead of private consumption, and on commons instead of private property. Let us take two important institutions as examples: universities and hospitals. Twenty years ago, there was a consensus within all political camps in Western Europe that these institutions were not to be ruled by markets or the profit motive. Today, privatization has become commonplace. Contrary to what neoliberal ideologues try to make us believe, there are alternatives. Public transportation can stay truly public, finance and banking can be under community control, and medicines can be produced according to people’s needs rather than those of corporations. People across the globe would benefit from curbing financial speculation, increasing corporate taxes, and closing tax havens. To campaign around these issues is an important step toward a more just economy and gives us an idea of what the economy of the future could look like.

It would be naive to think that the ruling classes will simply accept this. NATO will be a key actor in the coming military conflicts. War has always been tied to imperialism; opposition to it has always been part of anti-imperialism. This concerns both feuds between imperialist countries and aggression against the Global South. Militants in the Global North must weaken imperialism’s home base. This will not be popular with parts of the working class (and, of course, the state), but anti-war campaigns have the capacity to unite different sections of the population. A crucial issue is opposition to NATO bases in the Global South.

The current wave of right-wing populism in the Global North might lead to fascist regimes if the crisis of capitalism worsens. Once in power, right-wing populism controls the military and police; it exerts pressure on

courts, media, and educational institutions, forcing them to get in line. Police and intelligence services received more power and human and technical resources during the “War on Terror.” Their priorities and focus can change quickly. We need be prepared to engage a hostile state, practically and organizationally.

Avoiding or mitigating such eventualities requires strong antifascist movements. The Nazis rose to power in Germany via parliamentary elections. For far too long, social democrats and communists lacked unity in resisting them. It is important to create broad alliances in the fight against right-wing populism and fascism. Sectarianism only weakens the resistance.

Under global neoliberalism, money and commodities flow freely, but people, especially the poor, are prevented from crossing borders, no matter whether they flee from war, natural disaster, poverty, or political repression. Migrants and refugees are seen as a burden and a menace, and locked out. The borders to the Global North are tragic symbols of militarized state violence based on racism and national chauvinism. Racism and national chauvinism have long been used to divide the global working class. The fight against them must be an essential part of any anti-imperialist politics. We must demand people’s freedom of movement and the principle that “no one is illegal”—not as a humanitarian gesture toward migrants and refugees, but because it is demanded by justice. The migration we see today is a result of imperialism. People make their way to the Global North because imperialism—from its colonial to its neoliberal phase—has destroyed people’s livelihoods in the Global South. Numerous antiracist and migrant solidarity projects have been established in the Global North; they must be strengthened and expanded. The critical question, however, is whether they will establish links and build a common front with movements in the Global South.

In Chapter 11, I discussed the factors that John Foran considers necessary for a revolution to succeed. They included a strong culture of resistance and a window of opportunity for change in the global political system. Unrest in one country often leads to unrest in other countries. This is a consequence of a global political system built on nation states. It means that transnational alliances of like-minded movements will constitute a central factor for effective resistance. Cultures of resistance can inspire others, in the same way that the revolution in Russia, the resistance in Vietnam, and the experiment in Chiapas have inspired others. The impact

that a particular culture of resistance can have depends on its ability to build alliances and to develop its own social institutions. Psychological factors such as determination, sacrifice, and courage are also of great importance. Social movements can help each other with material resources and know-how. They can keep the state occupied and create a window of opportunity for change. Such a window appears whenever a superpower is troubled by internal conflict, lacks a proper analysis of the political situation, or loses control of social developments. The result is that its ability to repress revolutionary forces is diminished. A culture of resistance and the opening of a window for change reinforce one another: strong cultures of resistance can force a window to open, and an opened window reinforces cultures of resistance.

Today, ten years into capitalism's latest crisis, we have numerous movements critical of neoliberalism, but there is no clear common strategy, and certainly no leadership. The motivation for anti-imperialist resistance in the Global North differs from that in the Global South. In the North, being an anti-imperialist is something you can choose, depending on your personal circumstances and political convictions. This results in a high turnover among anti-imperialist militants and in organizations that don't last. In the Global South, anti-imperialist resistance is directly related to everyday struggles against oppression and exploitation. The struggle in the South must guide and radicalize the struggle in the North.

Discussions about unity and outreach, or about vertical and horizontal organization, are common within the left. The organizations I belonged to had strong unity but little outreach. We did not prioritize alliances. Today, I am convinced that it is neither realistic nor desirable to have *one* revolutionary organization leading the way. The days of the Comintern are long gone. We need organizations able to combine the Bolsheviks' efficiency and strategic thinking with the broad alliances many social movements are able to build. There is no contradiction between autonomy and community. We can—and must—make space for both. We must also acknowledge both centralized and decentralized forms of power. Seizing state power is necessary for radical change, but it is not sufficient. Capitalism does not simply rest on the power of institutions, but also on that of social relations, norms, values, and customs. The generation that has grown up with neoliberalism carries it in its blood. The struggle to change

social relations, norms, values, and customs must both precede and follow taking control of the state.

- *The Long Term*

A new world order will not fall from the sky. Many attempts will be required to establish it, and there will be many setbacks. The transition from pre-capitalist modes of production to capitalist ones took centuries.

When socialist visions were first elaborated in the nineteenth century, they focused on Europe: it was in the developed capitalist countries that the revolutionary showdown would occur, and the colonies would become free as a consequence. This is the idea of socialist world revolution outlined in *The Communist Manifesto* . It was shattered during World War I, when Europe's social democrats abandoned internationalism for imperialism. The Russian Revolution shifted the focus of world revolution to the East, but with capitalism staunchly entrenched at the core it was difficult to change the world system. Lenin knew this, and was very concerned about the survival of the Russian Revolution.

In China, establishing socialism was always seen as a lengthy process rather than a sudden event. The Chinese communists understood that class struggle would continue even in socialist countries, as long as the world economy remained capitalist. The Soviet government decided to ignore this, which contributed to the Soviet Union's downfall. We will see what will happen in China.

The current global situation is defined by the crisis of neoliberal capitalism and the decline of US hegemony. The world as we know it is crumbling. Movements that seek to create a different world are fragmented and disoriented. The problem is: we are running out of time. We do not have another hundred years. Capitalism's forces have become destructive enough to threaten the entire ecosystem. Military arsenals are capable of destroying the planet.

It is impossible to predict what is going to happen over the next fifty years. That will be decided in the conflicts that will characterize the chaotic period that lies ahead. The outcome might be a more equal and democratic world, or a system characterized by hierarchy and inequality. The latter could take the form of neo-feudalism, or of hostile mini-states ruled by elites and based on racial and cultural exclusion. We might also see a

“friendly fascism” with a fair degree of equality among the world’s top 20 percent, based on the oppression, control, and exploitation of the other 80 percent of the population.

We cannot predict the future, but we need to have visions of it. They inspire us and fill us with hope, which is required so that we can face our short-term and medium-term challenges. They must sketch economic and political systems free from the problems we are facing today. We must understand history as a dynamic process. Early socialist theory identified capitalism’s problems and outlined a society where these problems would be overcome. Proletarianization, factory work, modernization, and so on, were all aspects of capitalism but also tools enabling us to go beyond it. Today’s globalization and information technologies are also results of capitalism as well as tools to supersede it. Globalization will lead to confrontations between the world’s rich and poor countries that the capitalist-imperialist system might not survive. Hopefully, the world will become more democratic and national conflicts will cease. Neoliberalism’s focus on the individual will spawn new communal movements with respect for difference and autonomy. The paradox of global capitalism is that it has eliminated any credible explanation for human suffering, while it constantly reproduces it.

We stand on the threshold of decisive struggles. The capitalist-imperialist offensive we have witnessed over the past thirty years is running out of steam. The capitalist-imperialist system’s crises are becoming increasingly more difficult to contain. The stakes are high. Will the system self-destruct in an ecological or nuclear catastrophe, bringing down the whole world with it? Will it revamp itself in the form of a global apartheid system? Or will it yield to strong anticapitalist and anti-imperialist movements? If the workers of the Global South break the global chains of production, it is the core countries of the world capitalist system that will scream.

The Global Perspective

It is difficult to imagine that the unequal world we live in today will last much longer. The millions of new proletarians working for low wages and under hazardous conditions in the Global South will rise up. The new information and communications technologies have made global inequality

and injustice visible for everyone to see. The new proletarians are not powerless. Capital needs them. China, India, and Brazil have become big players in the global economy and their populations have a common interest in changing a system in which others reap the fruits of their labor. Future uprisings are inevitable, and they might sing capitalism's death song. This, however, demands organization. Only organized resistance can transform outrage and anger into a political practice that promises actual change. Whether the old organizations of the left—communist parties and trade unions—are up for the task remains to be seen. Their only chance is if they change and develop new socialist visions.

A common front of the working classes of the Global South and North is a necessity. At the moment, this seems unlikely, however things can change rapidly. Capitalism's crisis will become deep enough to significantly affect people in the Global North, which will strengthen anticapitalist movements in the imperialist center. Instead of rallying around either right-wing populism or left reformism, the working classes might rediscover their revolutionary legacy.

If we follow John Foran, then the objective conditions for revolution are in place: capitalism is in a structural crisis, the proletariat of the Global South demands social and economic liberation, and most countries of the Global South are ruled by repressive regimes eager to appease NATO and neoliberalism's transnational institutions (WTO, World Bank, etc.). Revolutionary moments will come, this we know. What we do not know is what their outcome will be. Can the left organize effectively? Can it withstand the imperialist counteroffensive? Can it unite across national borders? Can it present visions of a better world? Can it develop viable strategies? Can it mobilize people? Can it convince them that they themselves can make the change they want to see?

Future anti-imperialist struggles will be, first and foremost, anticapitalist struggles. This will distinguish them from the anti-imperialist struggles of the 1970s, which were, first and foremost, nationalist struggles. The nation state became less important at the end of the twentieth century, and this has only increased the probability that the anticapitalist struggles of the twenty-first century will be transnational.

Capitalism's globalization has been one-sided. Only a minority has profited. The Global South remains exploited, and the societies of the Global North have become increasingly stratified. Capitalism has always

divided the workforce and people were exploited long before capitalism appeared. [608] Some ruling classes became so powerful that they were able to extend their rule to foreign territories. This follows an economic logic: capital cannot exploit a specific class indefinitely without jeopardizing the profit rate. Eventually, it needs to pay the workers more than subsistence wages in order to create a market with purchasing power. To compensate for the higher wages of workers at home, they have to find workers to pay less (or nothing) elsewhere. It is no coincidence that slaves were usually taken from foreign societies. Alleged differences in values, aspirations, and cultural habits have always been important to legitimize slavery. Enslaving "your own" quickly raises moral issues in a way that was not the case when Europeans worked African slaves to death, or when European settlers massacred indigenous communities.

Divided labor markets are a continuation of this history. Racism has always played an important role for them. The "color line" justified the oppression and exploitation of a people considered inferior. The working classes of the imperialist countries largely accepted this. This legacy lives on in prejudices against "foreigners" and "strangers" today, particularly if they come from the Global South.

The North–South division of the labor market is reflected in the division of the domestic labor market in the countries of the Global North. Southern *migrants* are distinguished from Northern *expats* , and there is widespread segregation in housing and schooling. Racism can be toned down and expressed in less vulgar forms, but it is deeply ingrained in capitalist society and will exist as long as the division of the workforce exists. Some might say that this is inevitable, since human beings are selfish and always prone to taking advantage of those who are weaker, but such is not my opinion. The way humans act is determined by the social, political, and economic frameworks they act in. If we want humans to act differently, we need to change these frameworks. The reigning pessimism notwithstanding, this is not impossible. Capitalism itself provides the tools needed to overcome the us-versus-them mentality. Capitalism as a global system also brings people together. Once people become conscious of what they have in common, global revolutionary movements become a distinct possibility. Class identity will be more important than citizenship. Not the US, the UK, or any other nation state will come first—humanity will come first. We need to transcend national identity and become citizens of the

world. This process is already underway. Images of our vulnerable green and blue planet in the midst of a dark galaxy symbolize our common fate. That we are all connected—economically, politically, ecologically—is becoming more and more obvious. We all know that state borders do not stop pollution, and the political, moral, and legal significance of universal human rights is impossible to deny. Capitalism's crisis is global.

Historically, the term "internationalism" has been tied to nations and nationalities. It must be replaced by a notion that goes beyond national identity; a global solidarity between people, not nations. The coming decades will decide whether our future will be characterized by such solidarity or by military conflict and environmental destruction. The latter would have catastrophic consequences. The good news is that it is up to us to build the future. Capitalism's crisis will inevitably put radical change on the agenda. If we are strong enough and organized enough, the future will be promising rather than catastrophic. What we need most of all, is a global perspective.

Appendix I:

Introduction to the Marxist Theory of Value

THE DRIVING FORCE IN CAPITALISM IS accumulation. Capital invests in order to create more capital. It is no coincidence that capitalism is synonymous with growth. Capital seeks to sell as many commodities as possible at the highest price. In order to do so, capital is dependent on the market, which can impose limits on how much capital is able to sell of a certain commodity. The market largely determines capital's access to raw materials, labor-power, and buyers. How much profit capital can make out of a certain commodity depends (among other factors) on the number of competitors on the market. The restrictions that markets put on sales vary from one time and place to another. All historical forms of capitalism are expressions of the (pure) capitalist idea, but they have each had their own specific characteristics and power relations. "Actually existing capitalism" is the result of economic laws and social conditions.

In the mid-nineteenth century, Karl Marx set out to describe capitalism in all its facets. His multi-volume study *Capital* was the result. Due to the complexity of the subject matter, however, Marx only got halfway through his analysis. He never properly outlined theories of the state, the world market, international trade, or imperialism (although he did analyze colonialism and England's exploitation of other nations).

The first theory of the world market in the spirit of *Capital* was formulated one hundred years later by Arghiri Emmanuel. Emmanuel referred to value transfer from one country to another as *unequal exchange* . It is important to outline Marx's understanding of value in order to understand transnational forms of exploitation.

Commodities

Marx's analysis of capitalist accumulation is based on an analysis of commodity production. The accumulation of capital requires humans to believe that their needs can only be satisfied by commodities. *Commodification* is for capitalism what cells are for living organisms; it is the DNA that we find in all capitalist societies, from a simple exchange of

goods on a medieval town square to today's global market. A commodity has two forms of value: use-value and exchange-value. Its *use-value* defines its ability to satisfy a physical or psychological need. Its *exchange-value* defines what it can be traded for (two chairs for one table, etc.). A commodity is produced by human labor for exchange. Whether something is a commodity does not depend on physical qualities but on economic relationships. The ultimate test is the market: whatever can be sold is a commodity. Having exchange-value is what unites all commodities. Their production, however, is based on human labor. The exchange of commodities therefore implies concrete social relationships between producers and buyers. It is not simply an exchange of "objects" or "things," even if it may appear so.

Both use-value and exchange-value are reflected in labor. Use-value relates to the concrete labor necessary to produce: carpeting, plumbing, etc. Use-value and concrete labor are qualitative in nature and satisfy needs. Exchange-value relates to abstract labor, which is quantitative in nature, measuring the time, energy, knowledge, and experience needed to produce. When a commodity receives its exchange-value in comparison with other commodities, these aspects of labor become relevant. Of particular importance is the socially necessary labor-time, which is the time required for the production of a commodity based on the average quality and intensity of labor as well as the technological development available for production.

Simple Commodity Production

What Marx calls "simple commodity production" belongs to the pre-capitalist era. Commodities were produced before the dawn of capitalism. Both slave and feudal societies produced commodities for markets. Early forms of commodity production were tied to individual producers (craftsmen and farmers) who owned the means of production themselves. The exploitation of others in the form of wage labor was not yet a characteristic economic feature. There was slavery and serfdom, but labor-power was not a commodity.

Primitive Accumulation

During a long process, from the end of the fifteenth to the nineteenth century, capitalism replaced simple commodity production as the main form of production. Marx calls the period during which feudalism dissolved, while the requirements for the capitalist mode of production were created, "primitive accumulation." *Primitive* because capitalism could not become dominant based on its own laws of accumulation. The initial capital was not created by capitalist exploitation of wage labor, but by plunder and robbery. I have described this above in connection with colonialism.

But acquiring the initial capital was not the only requirement for capitalism's breakthrough. The creation of a proletariat was another. What was needed was a class of workers who were "free" in two senses of the word: *free to* sell their labor-power (that is, they were not slaves or serfs), and *free from* property (that is, unlike craftsmen and farmers, they did not own means of production). Two general classes appeared: the bourgeoisie, owning capital and the means of production, and the proletariat, with nothing but its labor-power to sell. Labor-power was now turned into a commodity. A process of proletarianization was set in motion that continues to this day, particularly in the Global South.

Value and Price

Labor-power is not a regular commodity. Its price, the wage, is determined by various factors. Marx distinguished between two major ones: labor-power's reproduction costs, and what he called the "historical and moral element."

The reproduction costs of labor-power relate to the costs that are necessary to keep the working class alive, fit to work, and able to have children who become new workers. In simple terms, they are the costs necessary for food, clothes, and shelter. When a worker receives a wage that covers only the bare minimum of what is necessary, it is called a subsistence wage.

The historical and moral element was explained by Marx in the following way:

> "On the other hand, the number and extent of his so-called necessary wants, as also the modes of satisfying them, are themselves the product of historical development, and depend therefore to a great extent on the

> degree of civilisation of a country, more particularly on the conditions under which, and consequently on the habits and degree of comfort in which, the class of free labourers has been formed. In contradistinction therefore to the case of other commodities, there enters into the determination of the value of labour-power a historical and moral element. Nevertheless, in a given country, at a given period, the average quantity of the means of subsistence necessary for the labourer is practically known." [609]

The historical and moral element is therefore a product of class struggle. It is of great importance for the wage level in capitalism and—together with the limited international mobility of labor—helps explain the enormous differences in wages globally. The use-value of labor-power—its ability to create surplus-value—is not affected by these differences. Why should a dock worker in Esbjerg, Denmark, create more value than an equally qualified dock worker in Shanghai, simply because their wage is twenty-five times higher? Instead, the wage is dependent on national and global class relations. It is the result of norms, rules, laws, and not least the result of trade-union efforts with regard to working hours, minimum wages, overtime pay, collective bargaining, and so on. Within countries—especially imperialist ones—there is a tendency for wages to balance out. Globally, the differences remain huge. [610]

The price of labor-power, the wage, is relatively stable over time, but it varies significantly from place to place. The price for other commodities varies significantly over time, but is relatively stable from place to place. The prices for copper and wheat go up and down almost daily, but they do so across the world. There is a world market price for every commodity except labor-power.

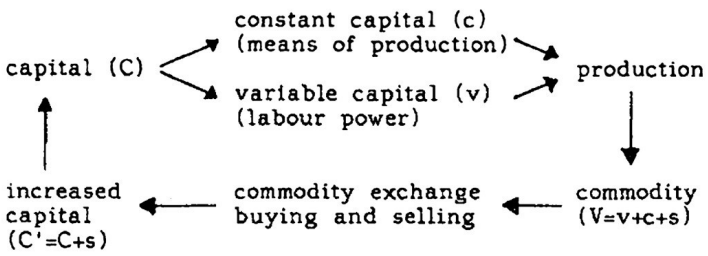
The Circulation of Capital

Labor-power is a special commodity in other ways, too. For the capitalist, the use-value of labor-power consists of its producing commodities whose exchange-value exceeds the costs of the raw materials and the labor-power required to produce them. In order to exploit labor-power in this way, capitalists must own means of production. They must invest in workshops and factories, machines, raw materials, and so on. This is called *constant*

capital , because its value remains unaffected during the process of accumulation. The labor-power that the capitalist buys is called *variable capital* because it is used to create value that exceeds its own. [611] The circulation of capital is divided into the sphere of production and the sphere of circulation. In the latter, commodities are bought and sold. Both spheres are dependent on one another: there is no circulation without production, and there is no point in producing without circulation.

The first phase of the circulation of capital consists of capitalists acquiring means of production and buying labor-power. The second phase consists of using the means of production and the labor-power purchased to produce commodities. The capitalist must be able to sell the commodities at a price that exceeds the expenses that were incurred during the first phase. The value of labor-power and the value created by it must not be confused. The latter must be higher than the former. Surplus-value comes only from variable capital. The raw materials used might change form—for example, leather is turned into shoes—but they don’t create extra value. The third phase of the circulation of capital consists of trading commodities. In this phase, the capitalist collects the surplus-value created in the production process. He must be able to sell the commodities that have been produced on the market at a price that includes both the expenses for constant and variable capital plus the surplus-value that can be used to either start the circulation of capital anew (with expanded possibilities), or to consume. [612] Figure 8 below illustrates this .

FIGURE 8. The Circulation of Capital



Abbreviations used in tables and formulas:

C	Aggregate capital	PP	Price of production = c + v – e – P' (c + v)
c	Constant capital	V	Value = c + v + s
v	Variable capital	p	Profit = P (c + v)
s	Surplus-value	p'	Rate of profit = s / (c + v)
P'	Average rate of profit = s / (c + v)	s'	Rate of surplus-value

Surplus-value

What distinguished Marx's analysis of capitalism from those of his contemporaries was the way in which he tied exploitation to the creation of surplus-value. Surplus-value is the value created by the worker that exceeds the value of their own labor-power. Technically, we can divide the work day into two periods: one, in which the worker reproduces the value of their labor-power; and another, in which they create surplus-value. [613] The rate of surplus-value depends on the extent of the second period. The following formula shows the relationship between the value of labor-power (variable capital) and surplus-value.

$$\textit{the rate of surplus value} = \frac{\textit{surplus value}}{\textit{variable capital}} \qquad s'=s/v$$

The rate of surplus-value therefore indicates the level of exploitation of labor-power. Constant capital is not a relevant factor here. How much of it is used in production has no significance for the rate of surplus-value.

Profit

Surplus-value in itself is of no interest to the capitalist. The capitalist is interested in profit. Profit does not depend on surplus-value, but on the production costs in general, or, what is called the *cost price* . [614] How the cost price is divided between constant capital and variable capital is of no interest to the capitalist either. Marx writes in the third book of *Capital* : “In its assumed capacity of offspring of the aggregate advanced capital, surplus-value takes the converted form of profit.” [615] The relation between the surplus-value and the total capital used for production defines the profit rate, as illustrated in Table III below .

The profit rate depends both on the rate of surplus-value, and on the relation between constant and variable capital. A rise in surplus-value brings a rise in the profit rate. The relation between constant and variable capital is called capital’s *organic composition* . It is dependent on the relationship between labor-power and the means of production. This relationship varies from industry to industry. Capital has low organic composition if variable capital makes up a big part of total capital, and high organic composition if constant capital makes up a big part of total capital. An example of an industry with a high organic composition of capital is the petrochemical industry, which relies largely on constant capital. An example of an industry with a low organic composition of capital is the textile industry, which relies largely on variable capital.

The following table, considering the rate of surplus-value and the turnover time, illustrates the relation between capital’s organic composition and the profit rate. [616] The higher the organic composition, the lower the profit rate; the lower the organic composition, the higher the profit rate.

TABLE III: Influence of Organic Composition on the Profit Rate

	Aggregate capitals	Rate of surplus-value, %	Surplus-value	Value of product	Rate of profit, %
	C = c + v	s/v	s	V = c + v + s	p' = s/C
I	80c + 20v	100	20	120	20
II	70c + 30v	100	30	130	30
III	60c + 40v	100	40	140	40
IV	85c + 15v	100	15	115	15
V	95c + 5v	100	5	105	5

Source: Marx (1883) *Capital*, Volume III: 155.

Note: This Table is identical to the one in Marx's *Capital*. However, Marx divided constant capital *c* into fixed and flowing parts, in order to prove that this division is in fact without consequence. This division has been omitted here in order not to complicate matters unnecessarily.

Formation of the Average Rate of Profit

As Table III shows, capitals of the same size but with different organic compositions can, in theory, generate very different rates of surplus-value and, therefore, very different profit rates. This, however, is not what happens in practice. Otherwise, capital would flock to industries with a low organic composition, yet this is not the case. We know that the average, long-term profit rates of different industries are very similar. But why?

Capital always drifts toward those industries promising the highest profits. If there is increased demand for the products of a certain industry, their prices will rise, and, in turn, so will the profit rate. This attracts capital formerly invested in other industries and leads to a growth of this particular industry. Often the consequence is overproduction and oversupply, falling prices, a lower profit rate, and capital moving on. Unequal profit rates between different industries cause the constant movement of capital and balance out the industries' average rates of profit. In other words, competing capitals ensure that the average, long-term profit rates of different industries are very similar. This also means that a given amount of capital will, in the long run, create similar profit, no matter what industries it is invested in or how it is divided between constant and variable capital.

The original value of commodities is converted into a price of production. The price of production of a commodity consists of the cost price plus the average profit in relation to the capital used (not only consumed) in its production. This can be summarized in the following formula:

$$\textit{price of production} = \textit{cost price} + (\textit{totally used capital} \times \textit{average rate of profit})$$

The price of production must not be confused with the *market price* , which it is only coincidentally equal to. The market price is the price a commodity is actually sold for on the market. Market prices are adjusted by supply and demand. Therefore, the price of production of a particular commodity is not the same as its value. But the combined price of production of all commodities is the same as the combined value of all commodities. Also, combined profits are the same as the combined surplus-value created in production.

The goal for each commodity is to reach a market price that consists of its production cost plus the average rate of profit. This allows production, and therefore the accumulation of capital, to continue. Let us see how the average rate of profit impacts the numbers in the table above. If we put total capital at 100, and the rate of surplus-value consistently at 100 percent, and if we assume that the total capital will circulate, then the new numbers indicate the average rate of profit .

TABLE IV: Creation of Average Rate of Profit

	Total capital C	Surplus-value s	Value V	Average rate of profit, % P'	Price of Production PP	Deviation of PP from Value
I	80c+20v	20	120	22	122	+2
II	70c+30v	30	130	22	122	-8
III	60c+40v	40	140	22	122	-18
IV	85c+15v	15	115	22	122	+7
V	95c+5v	5	105	22	122	+17

$$\frac{20\% + 30\% + 40\% + 15\% + 5\%}{5} = 22\%$$

As Table IV indicates, the amount of labor-power required in different industries, and therefore the organic composition of capitals as well as surplus-value, differ widely. But surplus-values can move from one industry to another. When profits are distributed, surplus-value is transferred from industries with a low organic composition to industries with a high organic composition. As stated above, this is of no relevance for capitalists. But for a Marxist analysis of capitalism, it is important to account for this transfer.

Some economists have called this transfer “unequal exchange,” but this must not be confused with Emmanuel’s use of the term. To speak of unequal exchange in this context can be misleading, because there is no *equal* exchange in capitalism. The value transfer described above is inherent in the logic of capital. The fact that the profit rate is distributed among all industries, so that capitalists can make profits in each of them, is a key aspect of capitalist production. It allows capitalists to compete on the market and to strengthen the productive forces. If commodities were priced according to their value, instead of according to the price of production, investments in mechanization would come to a halt. Capitalists would only invest in labor-intensive industries with much variable capital and a low organic composition. The pharmaceutical industry would disappear, and woodcutting would prosper.

In a developed capitalist country, labor is mobile enough to guarantee that the rate of surplus-value will be similar across different industries. Market prices of commodities depend on the price of production, not their value or cost price. But things look different globally.

The World Market

There is insufficient mobility of labor for the rate of surplus-value to be balanced globally. The opposite is the case. At the same time, the mobility of capital—especially since the end of World War II and the era of decolonization—is sufficient for the prices of production to balance out globally. The key factors for price formation on the world market are: unequal wages and therefore an enormous difference in the rate of surplus-value between imperialist and exploited countries; as well as comparable profit rates worldwide.

Unequal Exchange in International Trade

Let us see what this means for Marx's theory of the formation of prices of production, using Tables V.1 and V.2. We have two countries with identical rates of surplus-value, identical profit rates, and identical organic composition of industries. Unequal organic composition can therefore not be the cause for a possible value transfer. Value and price of production are the same. Capital also circulates at the same rate in both countries.

In Table V.1, the rate of surplus-value and the profit rate are equal. Both countries are at the same level of development. In Table V.2, however, wages in country A have risen by 50 percent, which leads to less exploitation and less surplus-value. This has consequences for the exchange of commodities between the two countries. The labor-power used is still the same, as is the value of production, but the price of labor-power has changed. This changes the rate of surplus-value in country A, as well as the prices of production. Were commodities with a value of 300 points each to be exchanged between the two countries, the wage difference of 50 percent (which, compared with actual differences in wages, is very modest) leads to unequal exchange. Instead of 300 : 300, we have 333 ⅓ : 266 ⅔. Country B loses 33 ⅓ value points, while country A gains them. The exchange puts

country A ahead of country B by 66 ⅔ value points. The rise in wages by 50 percent in country A means that the profit rate falls from 50 percent to 33 ⅓ percent. This is the way in which value is transferred from low-wage countries to high-wage countries.

Unequal Exchange in Global Chains of Production

Arghiri Emmanuel formulated his theory of unequal exchange in the context of critiquing David Ricardo's classical liberal theory of foreign trade. In short, Ricardo suggested that if all countries produced what was best and cheapest, and then exchanged goods freely, we would all benefit. But Ricardo's theory is largely irrelevant today, and a modern-day understanding of unequal exchange requires different reference points. Given the global chains of production, it is probably most useful to formulate a theory of unequal exchange in the context of neoliberal price formation.

According to liberal economic theory, the price of a commodity is determined by supply and demand. If the market price does not cover the production costs plus the average rate of profit, the commodity will no longer be produced. If the market still demands it, however, its price will rise and producing it will once again become profitable. In a global chain of production—starting with design and planning in the Global North, passing through manufacturing in the Global South, and ending with branding, marketing, and sale in the North—the production cost of a commodity takes on the form of a happy smiley: the labor in the North, in the beginning and at the end, adds much to the price, the labor in the South little. If the same process is analyzed from a Marxist perspective, however, the focus will be on value production, not price production, which means that the smiley will be sad: little contribution in the North, much contribution in the South. The explanation for the difference between price and value is the difference in how we measure labor-power. The price curve focuses on the price of labor-power, the wage; the value curve focuses on labor itself (how long it takes, how well it is done, etc.). [61] [7]

TABLE V.1: The Consequence of Unequal Exchange on Price of Production

	Constant capital c	Variable capital v	Surplus-value s	Cost-price c+v	Value c+v+s	Rate of profit, % s/C	Average rate of profit, % P'	Price of production (c+v) + P'xC
Country A	100	100	100	200	300	20	50	300
Country B	100	100	100	200	300	50	50	300
					600			600

TABLE V.2

	Constant capital c	Variable capital v	Surplus-value s	Cost-price c+v	Value c+v+s	Rate of profit, % s/C	Average rate of profit, % P'	Price of production (c+v) + P'xC
Country A	100	150	50	250	300	20	33.33	333.33
Country B	100	100	100	200	300	50	33.33	266.67
					600			600.00

Exploitation

It is human labor that creates value and it is surplus labor that creates surplus-value, while it is the market that distributes the value created by human labor between industries and countries. Among capitalists, the average rate of profit balances out. Value is transferred from industries with low organic composition to industries with high organic composition. Finance and trade capital can acquire value without being involved in production at all. Between capitalists and workers, the distribution of value follows a simple principle: profit for the capitalists, wages for the workers. Between countries, the distribution depends on the relationship between the wage and the market price of commodities. Relatively high wages in the Global North can buy relatively cheap commodities, containing relatively high value, from the Global South.

We can neither touch nor see value and surplus-value. We can only touch and see the commodities that have value. But the effects of surplus-value bring wellbeing to some and poverty to others. Value and surplus-value are based on social relationships. Surplus-value can be measured in labor-time, but it is not a quality physically embedded in commodities. As Karl Marx put it: “So far no chemist has ever discovered exchange value either in a pearl or a diamond.” [618] Value is moved, distributed, and allocated as a consequence of competition and class struggle.

Capitalist exploitation is not exclusively tied to production. In the Marxist theory of value, exchange is of central importance. One cannot explain the relationship between use-value and exchange-value without analyzing exchange and the social relationships it entails. Without exchange, human labor would not appear as the basis of value. Here, labor is the only possible measuring stock.

A theory of value entails a theory of price formation. The transformation of value into price occurs on the market; in other words, in exchange. If we look at value only in the realm of production, we turn value into an essence that flows from the minds and bodies of workers into the commodities they produce. But, as we have seen, value is the result of social relationships. Exploitation occurs throughout the entire circulation of capital, that is, during the production of commodities as much as during their exchange. Surplus-value is created in production, but it is acquired and distributed in exchange. The fact that people are involved in production doesn't necessarily mean that they are exploited or that they are exploiting others. Wage labor is a necessary precondition for capitalist exploitation but not a sufficient one. Exploitation depends on the concrete relationship between labor (wage) and surplus labor (surplus-value). If due to their wage people can acquire more value than they have created, then they are not exploited but they exploit.

Already in 1857, Marx discussed in *Grundrisse* that workers can draw an advantage from the work of other workers. This happens when the goods some workers produce are sold for less than their value and consumed by other workers who can afford them because of the wages they are paid. He wrote: "As regards the other workers, the case is entirely the same; they gain from the depreciated commodity only in relation (1) as they consume it; (2) relative to the size of their wage, which is determined by necessary labour." [619] Today, the wages of some workers are high enough to acquire value that other workers have created. Whether someone earns US$5 million a year, for example a CEO, or US$60.000 a year, for example a skilled worker, changes the extent of the value transfer, but not its nature.

Exploitation Between Countries

In its most basic form, exploitation means the appropriation of someone else's labor. An individual can exploit another individual in the same way

that a country can exploit another country. The products of human labor are goods and services. To appropriate human labor therefore means to appropriate the goods and services it produces. The exploitation of one country by another depends on inequality in the exchange of goods and services. This can happen in the form of trade balance deficits (when imperialist countries import more goods than they export) or through price formation. We have to get over the simplistic idea that the market is only a place where producers meet with consumers. Today, a significant part of all market transactions occur between producers and other producers in global chains of production. Price formation in this market of suppliers is hugely affected by buyers acquiring a part of the profit that the seller has made in earlier transactions. It is not the capitalists running the clothing factories in Bangladesh who reap the superprofits made in the global textile industry, but the likes of H&M and their customers. In some cases, buyers and sellers along a global chain of production belong to the same company, for example in the automobile industry. In which case, they are able to manipulate prices for tax benefits.

Global chains of production are nothing new. They have existed throughout capitalism's history. If necessary, goods were transported across state borders, it made no difference whether they were slaves, cotton, or metals. What with the industrialization of the Global South, however, global chains of production have become the norm. The chains' paths are far from random. Their starting points may vary, but practically all of them end in the US, Western Europe, or Japan. This has brought a growing polarization between the periphery and the center of the capitalist world system, facilitated by unequal exchange.

It is remarkable how capitalism, as a historical system, has been able to mask unequal exchange. We can only understand this if we look at the structure of the capitalist system, or, more specifically, at the apparent separation between the economy (the global division of labor, the process of production, markets, and so on) and politics (the sovereign, militarized state as the key unit). The polarization of the world and the concentration of capital at the system's center created both the financial possibility and the political motivation to establish strong state apparatuses in the Global North —one of their main tasks being to keep the state apparatuses in the Global South weak. As a result, the rich countries of the Global North can use both market forces and political power (including violence) to enforce the global

division of labor they profit from, ensuring that the poor countries occupy the weakest positions in the global chains of production. In short, the enormous differences between the countries of the Global North and the countries of the Global South have been created throughout capitalism's history by a combination of economic and political means.

When I say that this process has been masked, it is because it is apparently accepted that global prices and wages are simply the result of market forces. But an enormous political apparatus stands behind every transaction that perpetuates unequal exchange. When necessary, unequal exchange is ensured by military intervention.

Capitalism has established a global economy but no global state; instead, it has produced a hierarchy of (more or less) sovereign states. This hierarchy impacts the global economy and its markets, which are always in flux. The economy doesn't follow natural laws. The "laws" of the market are but the result of (national as well as global) political struggles—and they can be changed through such struggles.

Appendix I:

Power

In Marxism, the understanding of power is based on class relations: capital vs. proletariat. The capitalists have power in the form of property rights, owning the means of production. These rights are protected by the state, which, if necessary, will make use of its monopoly of violence to defend them. The center of political power is therefore the state apparatus: the government and its institutions. To make revolution means to take control of it.

When the Zapatista uprising began, I was in prison, where I had a very personal relationship with state power in its classic form. This caused me to reflect a lot on the nature of power and resistance. I had been arrested in 1989, after our undercover activities in support of Third World liberation movements had come to light. I spent fourteen months in solitary confinement but was allowed to read. Once a week, a librarian appeared with a cart of books we could borrow. One day, without knowing anything about the author, I picked up a book by the French philosopher Michel Foucault, *Discipline and Punish* . It dealt with the origins of prison. Foucault's way of thinking was very unfamiliar to me, but the book was a true revelation. It provided answers to many of the questions that life in prison had raised for me. Foucault also outlined his understanding of power in the book. For him, power is not centralized in the state, but decentralized and reproduced in all human relationships. Power is not owned, it is exercised; it is not based on institutions, but on actions. Power in prison is described by Foucault as an array of disciplining technologies that shape the inmates' identities.

Foucault traces historical changes in the technologies of power in detail. In the eighteenth century, punishment was physical: whips, branding irons, yokes, scaffolds, guillotines, and breaking wheels were commonly used tools. The book opens with a graphic description of the gruesome punishment endured by a man who had (unsuccessfully) attacked the French king with a knife. After numerous forms of mistreatment, each of his arms and legs was tied to a different horse; the horses then galloped in different directions, tearing his body apart. At the time, prison was not yet

considered a punishment, only a place to keep people until they could be punished.

The history of imprisonment as punishment begins around 1820. When the Bastille was stormed during the French Revolution of 1789, there were only seven inmates there: four had been accused of fraud, and three were considered insane. But by 1850, thousands of prisoners sat in newly built prisons around Paris. Prison was now the main form of punishment. Behind prison walls, bodies and souls were disciplined. But prison did not just serve as punishment; it was also a "moral hospital," in which criminals were to repent and be rehabilitated. The technologies of power employed were surveillance, control, visitation, isolation, forced labor, and spiritual guidance.

Foucault was interested in the prison institution in all its complexity, including its walls, bars, locks, video cameras, motion detectors, floor plans, journals, and so on. None of these material aspects defines power by itself. Power is exercised through all of them. The more tools are available for the exercise of power, the more effective the surveillance, control, and disciplining will be. The technologies of power mobilize all material resources and technologies that are of use to them.

Foucault's understanding of power was meaningful to me not only on a theoretical level. His detailed and practical analysis of the exercise of power also provided a manual for the exercise of counterpower, individually as well as collectively. Even in an isolation cell, I could immediately conceive of strategies of counterpower based on his analysis. After I had read *Discipline and Punish* , I no longer saw myself only as a prisoner, I also saw myself as a student conducting a field study of prison life. They surveil and study me—I surveil and study them. My identity as a prisoner was supplemented by my new identity as a researcher.

Both individually and (when I was no longer in solitary confinement) together with my fellow inmates, I developed technologies of counterpower that extended our possibilities for action. This helped me avoid the psychological and physical breakdowns so common in prison. Our technologies of resistance were very concrete and sabotaged their technologies of surveillance, control, and discipline. The result was not just better conditions in prison but also retaining our self-respect. This was one of the experiences that got me interested in the Zapatistas' understanding of

power and its practical consequences in a social context much broader than that of a penitentiary. [620]

Marx and Foucault

Foucault's understanding of power is often seen as a postmodern critique of Marx's understanding of power. Foucault's deconstruction and micro-perspective is pitted against Marx's structuralism and political economy. But, for me, Foucault's perspective is more a complement to Marx's theory. It makes certain aspects of power more concrete and analyzes them in more detail, thereby opening up possibilities of resistance that go beyond seizing state power. I still read Foucault—and understand terms such as "technologies of power" or "exercise of power"—on the basis of historical materialism. I consider a dialectical analysis of history important but want to avoid the economic determinism of Marxism (or, at least, of some of its currents). Foucault himself never saw his understanding of power as contradicting Marxism. Quite the contrary. In the 1976 lecture "The Mesh of Power," Foucault explained how much his theory owed to Marx, referring to the second volume of *Capital* :

> "It's here, I think, that we may find some elements that I will use for the analysis of power in its positive mechanisms.
>
> "First, what we may find in the second volume of *Capital* is that one power does not exist, but many powers. Powers, this means forms of domination, forms of subjugation that function locally, for example in the workshop, in the army, on a slave plantation or where there are subservient relations. These are all local and regional forms of power, which have their own mode of functioning, their own procedure and technique. All these forms of power are heterogeneous. We may not, therefore, speak of power if we wish to construct an analysis of power, but we must speak of powers and attempt to localize them in their historic and geographic specificity.
>
> "A society is not a unitary body, in which one and only one power is exercised. Society is in reality the juxtaposition, the link, the coordination and also the hierarchy of different powers that nevertheless remain in their specificity. Marx places great emphasis,

for example, on the simultaneously specific and relatively autonomous —in some sense impervious—character of the de facto power the boss exercises in a workshop, compared to the juridical kind of power that exists in the rest of society. Thus, the existence of regions of power. Society is an archipelago of different powers.

“Second, it appears that these powers cannot and must not simply be understood as the derivation, the consequence of some kind of overriding power that would be primary. The schema of the jurists, whether those of Grotius, Pufendorf, or Rousseau, amounts to saying: ‘In the beginning, there was no society, and then society appeared when a central point of sovereignty appeared to organize the social body, which then permitted a whole series of local and regional powers’; implicitly, Marx does not recognize this schema. He shows, on the contrary, how, starting from the initial and primitive existence of these small regions of power—like property, slavery, workshop, and also the army—little by little, the great State apparatuses were able to form. State unity is basically secondary in relation to these regional and specific powers; these latter come first.

“Third, these specific regional powers have absolutely no ancient [*primordial*] function of prohibiting, preventing, saying ‘you must not.’ The original, essential and permanent function of these local and regional powers is, in reality, being producers of the efficiency and skill of the producers of a product. Marx, for example, has superb analyses of the problem of discipline in the army and workshops. The whole problem of discipline implied a new technique of power. … [T]he discipline in workshops … began to take shape in the 17th and 18th centuries when the small workshops of a corporate type were replaced by large workshops and an entire series of workers—hundreds of workers—[and] it was necessary to both monitor [*surveiller*] and coordinate movements, with the division of labor. The division of labor was, at the same time, the reason it was obligatory to invent this new discipline of the workshop, but, inversely, we could say that the discipline of the workshop was the condition of possibility for achieving a division of labor. Without this discipline of the workshop, which is to say, without hierarchy, without surveillance, without the

> appearance of foremen, without the timed control of movements, it would not have been possible to achieve a division of labor.
>
> "Finally, the fourth important idea: these mechanisms of power, these procedures of power, it's necessary to regard them as technologies, which is to say as procedures that were invented, perfected, that were unceasingly developed. There is a veritable technology of power, or better still, of powers, which have their own history. Here, once again, we can easily find between the lines of the second volume of *Capital* an analysis, or at least the outline of an analysis, which would be the history of the technology of power, such as it was exercised in the workhouses and factories. … It appears to me, in fact, that if we analyze power by privileging the State apparatus, if we analyze power by regarding it as a mechanism of preservation, if we regard power as a juridical superstructure, we will basically do no more than take up the classical theme of bourgeois thought, for it essentially conceives of power as a juridical fact. To privilege the State apparatus, the function of preservation, the juridical superstructure, is, basically, to 'Rousseauify' Marx. It reinscribes Marx in the bourgeois and juridical theory of power. It is not surprising that this supposedly Marxist conception of power as State apparatus, as instance of preservation, as juridical superstructure, is essentially found in European Social Democracy of the end of the 19th century, when the problem was precisely that of knowing how to make Marx work inside a juridical system, which was that of the bourgeoisie. So, what I would like to do, in taking up what can be found in the second volume of *Capital* , and in moving away from all that was added, rewritten afterwards on the privileges of the State apparatus, power's function of reproduction, the characteristics of the juridical superstructure, is to attempt to see how it is possible to do a history of powers in the West." [621]

I believe that it is absolutely possible to combine Marx and Foucault. It might be an affront to orthodox interpretations of them both, but it opens up exciting theoretical possibilities. Those who take the most offense will probably be monogamous Marxists. But they should be reminded that Foucault himself said to take from his theory what we find useful and disregard the rest. This is what he means when he refers to his work as a "toolbox." [622] I have followed this guideline.

The Monster

The possibilities we see for social change depend on our theories of the world at large. Theory has a big impact on our practice. In my opinion, many structuralist interpretations of the world do not facilitate political resistance. The problem is their totalitarian tendency. They describe capitalism as a system that is all-encompassing, self-perpetuating, and which dominates all aspects of our lives. Such a view is understandable, especially in the era of neoliberal globalization, but if you lose sight of the many pockets of resistance, disobedience, and opposition that exist, if you don't see the cracks in the system, you marginalize and weaken anticapitalist and non-capitalist forces. You make it appear as if capitalism has no outside, and that the only way to overcome it is a "big-bang revolution," suddenly and radically changing everything. But this is wishful thinking and not political strategy. It leads to pessimism and despair.

Taking the System Apart

To advance, we must describe and interpret the world—and capitalism—in a different way. What if we understand capitalism as an assemblage of practices and strategies, of ways to produce, distribute, manage, and govern? As a system that depends on the continuous repetition of everyday routines? If we do this, we will see cracks in the system, chances to resist, and possibilities to change the daily patterns that reproduce our submission. It is a much more promising approach than regarding neoliberalism as an all-powerful, untouchable monster.

Capitalism is not a structure. It is a web of technologies of power. These technologies rely on millions of individual actions and aim to make both production and governance effective. They include "human resource management" and other forms of modern-day control. They not only safeguard profits, they also shape our values, norms, and identities, and the ways we relate to one another. Neoliberalism runs through our veins.

But there are always opportunities to resist. We can change the ways we relate to one another. Feminists can attack patriarchy in the here and now, at their home, at their workplace, and in public. Anticapitalists can attack capitalism right here and now in the same way. With micro-analysis we can see all the small details that keep the system running, and we can

develop relevant forms of resistance; we won't be facing a situation that leaves us powerless, but one that feels empowering. This has nothing to do with a fragmentation of political struggle or reformism. The capitalist system is a network of power relations, trying to harness all forces available. Effective resistance must do the same. We need to connect all forms of counterpower in order to strengthen and support resistance wherever it appears.

The World in Motion

Marx and Foucault share a historical understanding of society. Society never *is* , it always *becomes* . It is constantly in motion, not a solid structure. It is a process of destruction and creation, not a condition. But to survive in a world like this, we need to bring structure into it: we classify, organize, conceptualize, and interpret. We create a certain image of the world. The combination of our moral, social, cultural, political, and scientific interpretations gives the world meaning and shapes our realities, truths, and norms. All of this happens in the context of social relationships, and all social relationships are relationships of power. Knowledge, ideas, and convictions are tied to specific historical conditions. What we call "facts" are interpretations that are considered "facts" under the historical conditions in which we live. In Marxist terms, we could simply say that "the ruling ideas are the ideas of the ruling class."

Technologies of power

Ideologies of power and technologies of power are closely connected. Technologies of power are meant to influence and control people's bodies and minds and steer their actions. They are reactions to actions, and they themselves cause new actions. They are intrinsically linked to relations of power—and to relations of counterpower.

Technologies of power not only shape people but also knowledge. The disciplining of everyday life does not necessarily take on a scientific form, but it can. Political economy, as analyzed by Adam Smith and Karl Marx in the mid-nineteenth century, was tightly connected to technologies of power, be it in the factory, in the halls of power, or in the market. Rules,

procedures, and so on, were based on everyday life experiences. The local knowledge collected from foremen, factory owners, and merchants became the basis of grand economic theories. The political economy of the nineteenth century would not have been possible without the emergence of particular power relations. Science rests on an alliance between technologies of power and knowledge, resulting in broad ideological projects—neoliberalism being a current example.

Micro-Power

State power is not power as such. State power is an expression of a web of microcosmic power relations that form society. In the 1930s, Antonio Gramsci offered a detailed structuralist understanding of the state. According to Gramsci, state power was supported by a complex of institutions: family, school, church, arts, media, and so on. For him, they belonged to the state in the same way that bastions, moats, and curtain walls belonged to a castle.

Foucault embraced this micro-perspective and focused on the exercise of power more than on the institutions of power. Micro-power is exercised whenever two people meet. It is expressed in what they think of one another and in how they interact. Our perceptions of gender and race are as much framed by it as are our roles as workers and consumers. Power relations reproduce the dominant order every day.

The dominant power relations are legitimized by science telling us what is true and false, by media telling us what is good and evil, by fashion telling us what is in and out, by the arts telling us what is beautiful and ugly. This shapes not only our identities and ways of life but also our needs and desires. It determines who we are, and who our friends and enemies are. It tells us what to understand by “democracy” and “freedom.” Power is knowledge, and knowledge is power.

Technologies of power and of truth reinforce one another: “There is nothing better than market forces. Or, at least, there is no alternative. The market is the foundation of our democracy. It gives us free choice. Socialism is the opposite of freedom. It means dictatorship. Its economic system is a catastrophe. People live in poverty and nature is destroyed. History has proven all of this. Individualism means freedom. Community and solidarity limit freedom.” And so forth.

The webs of microscopic power relations go beyond the borders of the nation state. Some become hegemonic. Neoliberalism is one such example. The ruling classes govern not only through coercion but also through technologies of power that create consensus and marginalize or co-opt alternatives. They make it appear as if their forms of governance are necessary and irreplaceable.

Power and Counterpower

For Foucault, the relationship between power and counterpower is a game of strategy. This does not mean that it is to be taken lightly, only that the outcome is never guaranteed. At times, the relationship between power and counterpower can seem very stable. But it never is. It can always change, and it can change quickly. The relationship is constantly affected by our actions and practices.

Power relations are characterized by inequality. They can be expressed in laws, traditions, class relations, cultural norms, or other forms. This implies that there are always people eager to resist the power relations that oppress them. Like power, counterpower takes on various forms and employs numerous technologies and strategies. Power tries to prevent the forces of counterpower from connecting. Power relations are always in motion. When counterpower becomes strong enough to challenge power, we often speak of *politicization* : the future becomes unclear and people are drawn into politics, whether or not they want to be. Different ideologies battle for hegemony. Those that win are legitimized scientifically and define the new truths and norms. We never know what kind of social institutions they will establish. This depends on people’s actions and practices. The modern nation state is a product of these battles. It is not a natural given: it is created and maintained by practices such as border controls, legal persecution, policing, and much more. It is based on discourses that highlight and value everything that is national. Technologies of power tie together the nation and the state.

The strength of technologies of power and counterpower depends on how much they impact the world around them, to mobilize resources, to employ technologies, and to form alliances and networks with other technologies of power. Technologies of power first develop locally, during attempts to establish control and increase efficiency, quality, and

knowledge. This can happen within a family, in the relationship between the state and its citizens, in industrial production—it can happen in any possible social relationship. New technologies of power seek to escape the problems of the old ones. They aim to make control more efficient and the underlying ideologies more credible. But problems will always appear. For example, new forms of production based on know-how rather than manpower might be hard to control with technologies developed for factory work, new forms of international relations might be hard to control with technologies developed for sovereign states, and so forth. Society changes, which requires technologies of power to change. Successful technologies of power are an important factor in the struggle for ideological hegemony. Neoliberal technologies of power that focus on individual responsibility and self-development, for example, have spread from the sphere of production to government offices, schools, and our very own homes.

New technologies of power are not part of some scheme to establish new hegemonies. There are no politicians or CEOs hammering out plans for certain technologies of power undermining state sovereignty, accelerating globalization, and creating a neoliberal world. Neoliberalism started with millions of people in the 1970s trying to change government policies and to make a personal profit. The technologies of power that helped establish neoliberalism were a result of those people's actions. Government leaders like Margaret Thatcher and Ronald Reagan only personified this trend and gave it a soapbox. Meanwhile, the economists at the World Bank, the IMF, and the WTO formulated the relevant economic policies.

If there is any strategy involved in such processes, it is not strategy in the conventional sense of a conscious, thought-out plan. Here, the term refers instead to patterns that arise in networks bringing together actors and technologies that are otherwise only loosely connected. The point is not to say that strategies in the conventional sense don't exist; the point is to emphasize that the patterns in question also constitute strategies. The ambitions of individuals and organizations play a role in them, but they do not control them.

Today, technologies of power must take into account technological developments in communications, information, and transport that play an increasingly important role in our lives. To get a grip on them requires other technologies of power, not the old Fordist model centered on the conveyor belt. Our perceptions of space and time have changed fundamentally, and

control based on rules and discipline has been replaced by control based on values and norms. Hierarchical structures have been replaced by teamwork. The new technologies of power organize social relationships in a new way, and the old relations of power are shifting. New identities are created (for example, the self-responsible individual) as well as new activities (for example, human resource management).

The new technologies of power and their consequences also challenge old ideologies. They might suggest that the welfare state was ineffective, or that it created “wage slaves” and “passive consumers.” New technologies of power dismantle the national, economic, and political frameworks of old and replace them with new ones. A new ideology, for example neoliberalism, legitimizes them and establishes hegemony. But hegemony is never total. The emergence of new technologies of power also means the emergence of new technologies of counterpower. We have witnessed this in recent years.

The emergence of new technologies of power happens in the context of the currently dominant social structures. Marxists call this the “stage” in a regime of accumulation. This means that people’s actions are influenced (in both positive and negative ways) by qualities they’ve acquired in the societies they were socialized in. Power is pluralistic, relational, and fluid, but it is not detached from socio-historical conditions.

Possibilities of Resistance

Let us look more closely at resistance. What is counterpower? What role does class struggle play? Is there any escape from power? As stated above, power relations are systems of inequality expressed in laws, traditions, class relations, etc. Counterpower implies class struggle and its tactics: strikes, sabotage, and factory occupations are all examples of collective power exercised by workers. Power is exercised by those at the top of social hierarchies. Counterpower comes from the bottom. Resistance is a reaction from below against power’s constant attacks. It questions the truth of the system in place. Counterpower refuses to be disciplined by power. It does not rely on state institutions and the law.

Just like power, counterpower consists of different practices. In this case, of practices that limit and modify power. Counterpower can have many strategies. Counterpower can be confrontational or evasive. It can

establish its own forms of power, challenging the ones in place. It can follow the principle of judo, approaching from an unexpected angle to turn the force of power against power itself.

People resist based on their needs and interests, their ideas and analyses, the level of organization they have reached, the tradition of struggle they are part of, the dignity they possess, and the possibilities they see. All of these factors are historical and change over time, just like people change. Resistance comes in waves, tactics and strategies are adjusted, old movements disappear, and new ones emerge.

Technologies of Power and the Exercise of Power

For Foucault, the exercise of power demands intention. Power is enforced. But Foucault avoids references to particular people exercising power. This is where we part ways. I think it is necessary to name the people who exercise power. Otherwise, our approach to power—and counterpower—can become very abstract. Does it make sense to speak of resistance if you are not speaking of certain people resisting other people? Is not state power exercised by government officials and security forces? However, it is important to keep two things in mind at the same time: yes, power is exercised by certain people, but it is always present in social relations as well. People exercise power, but they do not possess it. Counterpower needs to confront specific people and attack specific institutions, but the actual target is the relations of power themselves. One cannot change the world by taking over the existing social institutions, because they reproduce the existing technologies of power. But one can change the world by creating new institutions, based on counterpower. As Subcomandante Marcos puts it: “It is not necessary to conquer the world. It is sufficient to make it new.”

Technologies of Power and the Institutionalization of Power

All relations of power are based on structural foundations. The state is a structure that allows power to be exercised in certain ways and not in others. But power relations also challenge the structural foundations they are based on. Social change means that new hegemonies arise despite the structural barriers of the old. A revolution usually occurs when old

structures have been weakened and new ones established through strategic interventions and new technologies of power. Politics is a battle over the institutionalization of different technologies of power. Social hierarchies reflect this.

In my understanding of power, I see a link between power relations on the micro-level and institutions, or, regimes of accumulation. The way I combine Foucault's understanding of power with that of Marx can be summarized as follows:

1. A political strategy, or an economic regime, consists of institutionalized technologies of power. Their strength depends on how many different, mutually reinforcing technologies of power can be combined institutionally.

2. New political/economic projects emerge when current structures are modified. They imply decentralized relations of power and new technologies of power.

3. Social change does not come from taking over existing institutions but from institutionalizing new technologies of power. This entails new forms of production, governance, and social relationships as well as the creation of new forms of knowledge, values, and norms.

4. Technologies of power form a bridge between our consciousness (our knowledge of the world) and material reality.

When it comes to resistance and counterpower, I think we need to combine historical materialism (a political-economic macro-perspective) with a Foucauldian approach (a sociological micro-perspective). We must consider global systems as well as the local effects of power. Althusser's structuralism and economic determinism were challenged by Foucault and other poststructuralists, when the French orthodox left proved itself incapable of seizing the revolutionary moment of May 1968. In my view, this was an unrealistic hope, but that's beside the point. Foucault was not only an academic, but also a militant (something often forgotten by the postmodern academics who worship him). But it is important to note that Foucault did not question Marxist and Maoist theory, but the failure of communist organizations to deliver the goods, namely revolution.

It is open to debate whether poststructuralism—with its focus on loose organizing, fragmentation, multiplicity, identity politics, and localization—

contributes much to making revolution possible, but that does not mean Foucault's analysis of power is any the less useful. It certainly helps us understand power more thoroughly. Of particular importance is Foucault's insistence that power has not only a structural but also a dynamic dimension. Power is not concentrated in the state alone. It is everywhere. With respect to global neoliberalism this means that it is much more than just transnational corporations, the military, and the police. It is also ideas, cultural traits, consumption patterns, and so forth.

Social change does not come just from storming the Winter Palace; for real social change, power must be exercised differently.

List of Abbreviations

AFL-CIO: American Federation of Labor and Congress of Industrial Organizations
ANC: African National Congress
COSATU: Congress of South African Trade Unions
CPC: Communist Party of China
DKP: Danish Communist Party
EZLN: *Ejército Zapatista de Liberación Nacional* (Zapatista Army of National Liberation)
GDP: Gross domestic product
ILO: International Labour Organization
IMF: International Monetary Fund
ITUC: International Trade Union Confederation
KUF : *Kommunistisk Ungdomsforbund* (Communist Youth League)
KAK: *Kommunistisk Arbejdskreds* (Communist Working Circle)
LAI: League Against Imperialism
LSM: Liberation Support Movement
M-KA: *Manifest-Kommunistisk Arbejdsgruppe* (Manifest–Communist Working Group)
MPLA: *Movimento Popular de Libertação de Angola* (People's Movement for the Liberation of Angola)
NAFTA: North American Free Trade Agreement
NUMSA: National Union of Metalworkers of South Africa
OECD: Organisation for Economic Co-operation and Development
OPEC: Organization of the Petroleum Exporting Countries
PFLP: Popular Front for the Liberation of Palestine
SEWA: Self-Employed Women's Association
SFIO: *Section Française de l'Internationale Ouvrière* (French Section of the Workers' International)
SPD: Social Democratic Party of Germany
TTA: *Tøj til Afrika* (Clothes for Africa)
WSF: World Social Forum
WTO: World Trade Organization

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Concerning Notes

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In relation to the “classics”—Marx, Engels, Lenin, Ho , and Mao—the footnote indicates the year in which the text was originally written. When I have used “marxists.org” as the source, I indicate the title chapters and sections to make it easier to retrieve the quotation in question.

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About the Author

Torkil Lauesen is a longtime anti-imperialist activist and writer living in Denmark. From 1970 to 1989, he was full-time member of a communist anti-imperialist group, supporting Third World liberation movements by both legal and illegal means. He worked occasionally as a glass factory worker, mail carrier, and laboratory worker, in order to be able to stay on the dole. In connection with support work, he has traveled in Lebanon, Syria, Zimbabwe, South Africa, the Philippines, and Mexico. In the 1990s, while incarcerated, he was involved in prison activism and received a Masters degree in political science. He is currently a member of International Forum, an anti-imperialist organization based in Denmark.

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Clenched Fists Empty Pockets
Six working-class activists from Sweden discuss their experiences with class and middle-class hegemony in a variety of left-wing scenes and organizations. In doing so they flesh out the complexities and limits of what in Sweden is referred to as a "class journey." Dealing with more than economic realities, the authors grapple with the full gamut of cultural and social class hierarchies that are embedded in the society and the left.

The Communist Necessity, by J. Moufawad-Paul
A polemical interrogation of the practice of "social movementism" that has enjoyed a normative status at the centres of capitalism. Aware of his past affinity with social movementism, and with some apprehension of the problem of communist orthodoxy, the author argues that the recognition of communism's necessity "requires a new return to the revolutionary communist theories and experiences won from history."

Confronting Fascism: Discussion Documents for a Militant Movement, by Don Hamerquist, J. Sakai, Xtn of ARA Chicago, Mark Salotte
Breaking with established Left practice, this book attempts to deal with the questions of fascism and anti-fascism in a serious and non-dogmatic manner. Attention is paid to to the class appeal of fascism, its continuities and breaks with the "regular" far-right and also even with the Left, the ways in which the fascist movement is flexible and the ways in which it isn't. Left failures, both in opposing fascism head-on, and also in providing a viable alternative to right-wing revolt, are also dealt with at length.

Defying the Tomb: Selected Prison Writings and Art of Kevin "Rashid" Johnson featuring exchanges with an Outlaw
Follow the author's odyssey from lumpen drug dealer to prisoner, to revolutionary New Afrikan, a teacher and mentor, one of a new generation rising of prison intellectuals.

Divided World Divided Class: Global Political Economy and the Stratification of Labour Under Capitalism, by Zak Cope
Charting the history of the "labour aristocracy" in the capitalist world system, from its roots in colonialism to its birth and eventual maturation

into a full-fledged middle class in the age of imperialism. (2012)

Escaping the Prism... Fade to Black, by Jalil Muntaqim
Jalil Muntaqim is a former member of the Black Panther Party and the Black Liberation Army. For over forty years, Jalil has been a political prisoner, one of the New York Three, in retaliation for his activism. This book contains poetry and essays from behind the bars of Attica prison, combining the personal and the political, affording readers with a rare opportunity to get to know a man who has spent most of his life behind bars for his involvement in the Black Liberation Movement. Includes an extensive examination of the U.S. government's war against the Black Liberation Army in general, and Jalil in particular, by Ward Churchill, and an introduction by Walidah Imarisha.

Eurocentrism and the Communist Movement, by Robert Biel
A work of intellectual history, Eurocentrism and the Communist Movement explores the relationship between Eurocentrism, alienation, and racism, while tracing the different ideas about imperialism, colonialism, "progress", and non-European peoples as they were grappled with by revolutionaries in both the colonized and colonizing nations. Teasing out racist errors and anti-racist insights within this history, Biel reveals a century-long struggle to assert the centrality of the most exploited within the struggle against capitalism. The roles of key figures in the Marxist-Leninist canon—Marx, Engels, Lenin, Stalin, Mao—within this struggle are explored, as are those of others whose work may be less familiar to some readers, such as Sultan Galiev, Lamine Senghor, Lin Biao, R.P. Dutt, Samir Amin, and others.

Fire the Cops: Essays, Lectures, and Journalism by Kristian Williams, with photographs by Bette Lee
Killer cops and cop-killers, "police as workers" and police as soldiers, copwatching and counterinsurgency operations... these subjects and more are examined in this collection of essays by veteran activist Kristian Williams.

Insurgent Supremacists: The U.S. Far Right's Challenge to State and Empire, by Matthew N. Lyons
A tour of neonazis and Christian theocrats, by way of the patriot movement, the LaRouchites, and the alt-right. Supplementing this, thematic sections explore specific dimensions of far-right politics, regarding gender,

decentralism, and anti-imperialism. A major study of movements that strive to overthrow the U.S. government, that often claim to be anti-imperialist and sometimes even anti-capitalist yet also consciously promote inequality, hierarchy, and domination, generally along explicitly racist, sexist, and homophobic lines. Revolutionaries of the far right: insurgent supremacists.

Jailbreak out of History: the rebiography of Harriet Tubman, by Butch Lee

Crucial revisionist herstory, firmly rerooting Harriet Tubman in the context of patriarchy, race, class, and armed struggle. A fascinating, and much needed examination of the woman and her times. Her juxtaposition vis a vis the pro-American patriarch John Brown in particular is a great read. At a time when violence against women of color is at the center of world politics, uncovering the censored story of one Amazon points to answers that have nothing to do with government programs, police, or patriarchal politics.

Karl Marx and Friedrich Engels: On Colonies, Industrial Monopoly and the Working Class Movement, with an introduction by Zak Cope and Torkil Lauesen

Excerpts from the corpus of Marx and Engels, showing the evolution of their ideas on the nascent labor aristocracy and the complicating factors of colonialism and chauvinism, with a focus on the British Empire of their time. In their introduction, Cope and Lauesen show how Marx and Engels' initial belief that capitalism would extend seamlessly around the globe in the same form was proven wrong by events, as instead worldwide imperialism spread capitalism as a polarizing process, not only between the bourgeoisie and the working class, but also as a division between an imperialist center and an exploited periphery.

Kuwasi Balagoon: A Soldier's Story, by Kuwasi Balagoon with contributions by Sundiata Acoli, David Gilbert, J. Sakai, and Meg Starr

Kuwasi Balagoon was a defendant in the Panther 21 case in the late sixties, and a member of the Black Liberation Army. Captured and convicted of various crimes against the State, he spent much of the 1970s in prison, escaping twice. After each escape, he went underground and resumed BLA activity. He was captured in December 1981, charged with participating in

an armoured truck expropriation in West Nyack, New York, on October 21 of that year, an action in which two police officers and a money courier were killed. Convicted and sentenced to life imprisonment, he died of pneumocystis carninii pneumonia, an AIDS-related illness, on December 13, 1986.

Lumpen: The Autobiography of Ed Mead
When a thirteen-year-old Mead ends up in the Utah State Industrial School, a prison for boys, it is the first step in a story of oppression and revolt that will ultimately lead to the foundation of the George Jackson Brigade, a Seattle-based urban guerrilla group, and to Mead's re-incarceration as a fully engaged revolutionary, well-placed and prepared to take on both his captors and the predators amongst his fellow prisoners. This is his story.

The Military Strategy Of Women and Children, by Butch Lee
How, in a man's world, women can make revolutionary change? Here, Butch Lee lays out the need for an autonomous and independent women's revolutionary movement, a revolutionary women's culture that involves not only separating oneself from patriarchal imperialism, but also in confronting, opposing, and waging war against it by all means necessary. Of particular interest is Lee's critique of reformist "feminism", and her examination of how genocide, colonialism and patriarchy are intertwined, not only historically but also in the present.

Night-Vision: Illuminating War and Class on the Neo-Colonial Terrain, by Butch Lee and Red Rover
A foundational analysis of post-modern capitalism, the decline of u.s. hegemony, and the need for a revolutionary movement of the oppressed to overthrow it all. From Night-Vision: "The transformation to a neo-colonial world has only begun, but it promises to be as drastic, as disorienting a change as was the original european colonial conquest of the human race. Capitalism is again ripping apart & restructuring the world, and nothing will be the same. Not race, not nation, not gender, and certainly not whatever culture you used to have. Now you have outcast groups as diverse as the Aryan Nation and the Queer Nation and the Hip Hop Nation publicly rejecting the right of the u.s. government to rule them. All the building blocks of human culture—race, gender, nation, and especially class—are

being transformed under great pressure to embody the spirit of this neo-colonial age."

Our Commitment Is to Our Communities: Mass Incarceration, Political Prisoners, and Building a Movement for Community-Based Justice, by David Gilbert

In this pamphlet, interviewed by Bob Feldman, political prisoner David Gilbert discusses the ongoing catastrophe that is mass incarceration, connecting it to the continued imprisonment of political prisoners and the challenges that face our movements today.

Settlers: The Mythology Of The White Proletariat From Mayflower To Modern, by J. Sakai

Settlers exposes the fact that America's white citizenry have never supported themselves but have always resorted to exploitation and theft, culminating in acts of genocide to maintain their culture and way of life. As recounted in painful detail by Sakai, the United States has been built on the theft of Indigenous lands and of Afrikan labor, on the robbery of the northern third of Mexico, the colonization of Puerto Rico, and the expropriation of the Asian working class, with each of these crimes being accompanied by violence. This new edition includes "Cash & Genocide: The True Story of Japanese-American Reparations" and an interview with author J. Sakai by Ernesto Aguilar.

Stand Up, Struggle Forward: New Afrikan Writings on Class, Nation and Patriarchy by Sanyika Shakur

Foreword by Yusef "Bunchy" Shakur

This collection of writings by Sanyika Shakur, formerly known as Monster Kody Scott, includes several essays written from within the infamous Pelican Bay Security Housing Unit in the period around the historic 2011 California prisoners' hunger strike, as well as two interviews conducted just before and after his release in Black August 2012.

The Urban Guerilla Concept, by The Red Army Faction

Introduction by Andre Moncourt and J. Smith

With an introduction by Andre Moncourt and J. Smith. The first major ideological text from West Germany's most famous urban guerillas. This document merits attention from anyone who wants to understand the motivation and ideology behind the beginning of a long and violent

confrontation between the Red Army Faction and the German state. Apart from setting out the justification for armed struggle this text touches on: the strength of the capitalist system in West Germany; the weaknesses of the revolutionary Left; the significance of the German student movement; the meaning and importance of internationalism; the necessity for taking a revolutionary initiative; the importance of class analysis and political praxis; the failure of parliamentary democracy and how this had the inevitable consequence of political violence; the factionalism of the German Left; and the organization and logistics of setting up an illegal armed struggle.

The Worker Elite: Notes on the "Labor Aristocracy", by Bromma

Revolutionaries often say that the working class holds the key to overthrowing capitalism. But "working class" is a very broad category—so broad that it can be used to justify a whole range of political agendas. The Worker Elite: Notes on the "Labor Aristocracy" breaks it all down, criticizing opportunists who minimize the role of privilege within the working class, while also challenging simplistic Third Worldist analyses.

Notes

1 . Stanley Karnow, *Vietnam: A History* . New York: Penguin Books (1997), p. 431.

2 . Christian G. Appy, *Patriots: The Vietnam War Remembered from All Sides* . New York: Viking (2003), p. 361.

3 . Bertrand Russell, War Crimes in Vietnam. London: George Allen & Unwin (1967), p. 94

4 . Upton Sinclair, *I, Candidate for Governor: And How I Got Licked* . Berkeley: University of California Press (1994), p. 109

5 . Many of these texts have been uploaded to www.snylterstaten.dk.

6 . See Jørgensen, Lauesen, and Weimann, “It Is All About Politics,” in Gabriel Kuhn (ed.), *Turning Money Into Rebellion: The Unlikely Story of Denmark’s Revolutionary Bank Robbers* . Montreal and Oakland: Kersplebedeb and PM Press (2014), pp. 21–92.

7 . Both editions of the book have been uploaded to www.snylterstaten.dk.

8 . For a detailed account of the group’s practice and history, see Gabriel Kuhn (ed.), *Turning Money Into Rebellion: The Unlikely Story of Denmark’s Revolutionary Bank Robbers* . Montreal and Oakland: Kersplebedeb and PM Press, 2014.

9 . “In approaching a problem a Marxist should see the whole as well as the parts. A frog in a well says, ‘The sky is no bigger than the mouth of the well.’ That is untrue, for the sky is not just the size of the mouth of the well. If it said, ‘A part of the sky is the size of the mouth of a well,’ that would be true, for it tallies with the facts.” (Mao Tse-tung, “On Tactics Against Japanese Imperialism.” In: *Selected Works of Mao Tse-tung, Volume I* . Peking: Peoples Publishing House (1935), p. 159).

10 . See, for example, the final chapter in *Unequal Exchange and the Prospects of Socialism* (Manifest-Kommunistisk Arbejdsgruppe, 1986) as well as Manifest-Kommunistisk Arbejdsgruppe (1985). Both texts are available at www.snylterstaten.dk.

11 . Karl Marx, “Theses On Feuerbach, no XI.” In: *Marx/Engels Selected Works, Volume I* . Moscow: Progress Publishers (1969), pp. 13–15.

12 . Frederick Engels, “Socialism: Utopian and Scientific. The English Edition Introduction: History (the role of Religion) in the English middle-class.” In: *Marx/Engels Selected Works, Volume 3* . Moscow: Progress Publishers (1970), pp. 95–151.

13 . “The discovery of America resulted from the hunger for money, which had already driven the Portuguese to Africa, because the tremendous expansion of European industry in the fourteenth and fifteenth centuries together with the corresponding commercial activity demanded more means of exchange than Germany—the great silver country from 1450 to 1550—could provide.” (Frederick Engels, “Letter to Schmidt, C. London, October 27, 1890.” *New International* , vol. 1, no. 3 (September–October 1934), pp. 81–85)

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entering a family structure with yet another man above them. (See Reddock, Rhoda E. (1985), “Women and Slavery in the Caribbean: A Feminist Perspective.” *Latin American Perspectives* , no. 12, pp. 63–80.)

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44 . J. Nehru, *Glimpses of World History* . Delhi: Oxford University Press (2003), p. 548.

45 . Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte* . Moscow: Progress Publishers, 1937.

46 . Richard Krooth, “Imperialism and the Sources of Surplus Value.” In: Immanuel Ness and Zak Cope (eds.), *Palgrave Encyclopedia of Imperialism and Anti-Imperialism* . London: Palgrave Macmillan (2015), pp. 1134–1135.

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81 . In 1905, England passed a law that prohibited Jews fleeing Russia from entering the country. This was the country’s first legal restriction on immigration (Timothy Hatton and Jeffrey G. Williamson (2008), “The Impact of Immigration.” *World Development* , vol. 36, no. 3 pp. 345–61).

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87 . See for example Sven Lindqvist, *Udryd de sataner* . København: Gyldendal, 1993.

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90 . John Grenier, *The First Way of War: American War Making on the Frontier, 1607–1814* . New York: Cambridge University Press (2005), p. 13; Peter Silver, *Our Savage Neighbors: How Indian War Transformed Early America* . New York: W.W. Norton & Company (2009), pp. 161–190.

91 . See, for example, Melville Madison Bigelow, *The Acts and Resolves, Public and Private, of the Province of the Massachusetts Bay* . Boston: Wright & Potter, 1869 pp. 594–595.

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101 . Karl Marx, “XII. General Relation of Profits, Wages, and Price.” *Value, Price and Profit.* New York: International Co. (1969), p. 192.

102 . Richard Hofstadter, *America at 1750. A Social Portrait* . New York: Vintage (1973), p. 161.

103 . Richard Hofstadter, *America at 1750. A Social Portrait* . New York: Vintage (1973), pp. 89–90.

104 . J. Sakai, *Settlers: The Mythology of the White Proletariat from Mayflower to Modern* . Montreal & Oakland, CA: Kersplebedeb and PM Press (2014), p. 19.

105 . Edward E. Baptist, *The Half Has Never Been Told: Slavery and the Making of American Capitalism* . New York: Basic Books, 2014.

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107 . W.E.B. Du Bois, *Black Reconstruction in America, 1860–1880.* New York: Atheneum (1962), p. 5. On the connections between racism, colonialism, and capitalism, see also R.D.G. Kelly, “ What does Cedric Robinson mean by racial capitalism?” *Boston Review* , January 12, 2017.

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110 . Dudley Dillard, *Economic Development of the North Atlantic Community. Historical Introduction to Modern Economics.* Englewood Cliffs, New Jersey: Prentice Hall, 1967 p. 51.

111 . Gerald Gunderson, *A New Economic History of America* . New York: McGraw-Hill (1977), p. 176.

112 . In 1850, a delegation sent by the British parliament visited Whitney’s arms factory. Whitney took apart two rifles and ordered one of his workers to reassemble them quickly. The British delegates were “most impressed.” An American worker could assemble about fifty rifles a day—a British worker managed two. (Gerald Gunderson, *A New Economic History of America* . New York: McGraw-Hill (1977), p. 174).

113 . Gerald Gunderson, *A New Economic History of America* . New York: McGraw-Hill (1977), p. 169.

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117 . Leften Stavros Stavrianos, *Global Rift. The Third World Come of Age* . New York: William Morrow & Co. (1981), p. 259.

118 . “The working men have no country. We cannot take from them what they have not got. … National differences and antagonism between peoples are daily more and more vanishing, owing to the development of the bourgeoisie, to freedom of commerce, to the world market, to uniformity in the mode of production and in the conditions of life corresponding thereto.” (Karl Marx, “The Communist Manifesto, Chapter IV. Position of the Communists in Relation to the Various Existing Opposition Parties.” In: Marx/Engels *Selected Works, Volume I* . Moscow: Progress Publishers, 1969 pp. 98–137.)

119 . Zak Cope, “German Imperialism and Social Imperialism 1871–1933.” In Ness, Immanuel and Zak Cope (eds.), *The Palgrave Encyclopedia of Imperialism and Anti-imperialism, Volume I* . Basingstoke, Hampshire: Palgrave Macmillan, 2015 p. 652.

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121 . Quoted from Maria Mies, *Patriarchy and Accumulation On A World Scale: Women in the International Division of Labour* . London: Zed Books (1986), p. 98.

122 . Martin Kitchen, *The Political Economy of Germany, 1815–1940* . London: Croom Helm (1978), p. 180.

123 . Richard Krooth, *Arms and Empire: Imperial Patterns before World War II* . Santa Barbara: Harvest Press, 1980. 35–36.

124 . The Germans killed between seventy thousand and eighty thousand people, or, 75 percent of the Herero and 50 percent of the Nama.

125 . Herbert M. Jauch, *Affirmative Action in Namibia. Redressing the Imbalances of the Past?* Windhoek, Namibia: New Namibia Books (1998), p. 26.

126 . Allan Spangsberg Nielsen, “Folkedrabet i Namibia 1904–1908.” Dansk Institut for Internationale Studier.

127 . Quoted from Björn Kumm, *Motstånd, de maktlösas kamp* . Falun, Sweden: Historiska Media (2013), p. 40.

128 . Zak Cope, “German Imperialism and Social Imperialism 1871–1933.” In Ness, Immanuel and Zak Cope (eds.), *The Palgrave Encyclopedia of Imperialism and Anti-imperialism, Volume I* . Basingstoke, Hampshire: Palgrave Macmillan (2015), pp. 656–657.

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132 . Lydia Potts, *The World Labour Market: A History of Migration* . London: Zed Books (1990), p. 102.

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134 . John Riddell (ed.), *Lenin’s Struggle for a Revolutionary International* . New York: Pathfinder (1984), p. 14.

135 . V.I. Lenin, “The International Socialist Congress in Stuttgart.” In: Lenin (1971), *Collected Works, Volume 13* . Moscow: Progress Publishers (1972), p. 75.

136 . John Riddell (ed.), *Lenin’s Struggle for a Revolutionary International* . New York: Pathfinder (1984), p.

137 . Zak Cope, “German Imperialism and Social Imperialism 1871–1933.” In Ness, Immanuel and Zak Cope (eds.), *The Palgrave Encyclopedia of*

Imperialism and Anti-imperialism, Volume I . Basingstoke, Hampshire: Palgrave Macmillan (2015), p. 659.

138 . For a documentary history of the German Revolution of 1918–19, see Kuhn (2012).

139 . V.I. Lenin, “The International Socialist Congress in Stuttgart.” In: Lenin (1971), *Collected Works, Volume 13* . Moscow: Progress Publishers (1972), pp. 75–77.

140 . V.I. Lenin, “Imperialism and the Split in Socialism.” In: Lenin (1971), *Collected Works, Volume 23* . Moscow: Progress Publishers (1964), pp. 105–120.

141 . KAK collected the most important of Lenin’s writings on the subject in the 1973 book *On Imperialism and Opportunism* . In 2018, an English edition of this book was published by Kersplebedeb, with a new preface by Zak Cope and Torkil Lauesen.

142 . V.I. Lenin, “Imperialism and the Split in Socialism.” In: Lenin (1971), *Collected Works, Volume 23* . Moscow: Progress Publishers (1964), pp. 105–120.

143 . V.I. Lenin, “Imperialism, the Highest Stage of Capitalism.” In: Lenin (1971), *Collected Works, Volume 22* . Moscow: Progress Publishers (1972), p. 284. The title can be criticized for the simple reason that capitalism has always been imperialist.

144 . John Hobson, *Imperialism, A study* . London: Allen and Unwin, 1948.

145 . John Hobson, *Imperialism, A study* . London: Allen and Unwin (1948), p. 314.

146 . V.I. Lenin, “Imperialism, the Highest Stage of Capitalism.” In: Lenin (1971), *Collected Works, Volume 22* . Moscow: Progress Publishers (1972), p. 298.

147 . V.I. Lenin, “Imperialism, the Highest Stage of Capitalism.” In: Lenin (1971), *Collected Works, Volume 22* . Moscow: Progress Publishers (1972), pp. 301–302.

148 . V.I. Lenin, “Imperialism, the Highest Stage of Capitalism.” In: Lenin (1971), *Collected Works, Volume 22* . Moscow: Progress Publishers (1972), pp. 193–194.

149 . Omar Dahbour and Micheline R. Ishay (eds.), *The Nationalism Reader* . Atlantic Highlands, N.J.: Humanity Books, 1995 pp. 199–204.

150 . Rosa Luxemburg, *The Accumulation of Capital* . London: Routledge and Kegan Paul (1951), pp. 265–269.

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152 . Jean Lacouture, *Ho Chi Minh: A Political Biography* . New York: Vintage (1968), pp. 19–20.

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154 . Björn Kumm, *Motstånd, de maktlösas kamp* . Falun, Sweden: Historiska Media (2013), pp. 55–56.

155 . Michael Goebel, “A Parisian Ho Chí Minh Trail: Writing Global History through Interwar Paris.” imperialglobalexeter.com, p. 1.

156 . Michael Goebel, “A Parisian Ho Chí Minh Trail: Writing Global History through Interwar Paris.” imperialglobalexeter.com, p. 1.

157 . Frederik Petersson, *“We Are Neither Visionaries Nor Utopian Dreamers.” Willi Münzenberg, the League against Imperialism, and the Comintern, 1925–1933* . (Ph.D. thesis). Abo Akademi University, 2013. Published as vol. I-II, Lewiston: Queenston Press (2013), p. 54.

158 . V.I. Lenin, “Draft Theses on the National and Colonial Questions for the Second Congress of the Communist International.” In: Lenin (1972), *Collected Works, Volume 31* . Moscow: Progress Publishers (1965), pp. 144–151.

159 . Quoted from Robert V. Daniels, *A Documentary History of Communism and the World. From Revolution to Collapse* . Third edition.

Hanover: University Press of New England, 1994 p. 33. Paragraph eight reads: “It should demand the expulsion of its own Imperialists from such colonies, and cultivate among the workingmen of its own country a truly fraternal attitude towards the working population of the colonies and oppressed nationalities, and carry on a systematic agitation in its own army against every kind of oppression of the colonial population.” (Frederik Petersson, *“We Are Neither Visionaries Nor Utopian Dreamers.” Willi Münzenberg, the League against Imperialism, and the Comintern, 1925–1933* . (Ph.D. thesis). Abo Akademi University, 2013. Published as vol. I-II, Lewiston: Queenston Press (2013), pp. 56–57)

160 . Hô Chí Minh, “The Path Which Led Me to Leninism. Originally published in the Soviet review: Problems of the East, on the occasion of the 90th anniversary of V.I. Lenin’s birthday, April, 1960.” In: *Selected Works of H* o *Chí Minh, Volume 4* . Hanoi: Foreign Languages Publishing House, 1962.

161 . Jean Lacouture, *Ho Chi Minh: A Political Biography* . New York: Vintage (1968), pp. 32–33.

162 . Lenin quoted Marx often and identified as a Marxist, criticizing the social democrats’ “reformism” and “revisionism.” He played an important role in popularizing Marx’s work. *The Communist Manifesto* had been out of print for twenty-four years. *Capital* was widely ignored when the first volume appeared in 1867. It had sold one thousand copies in four years and was not translated into English before 1886 (Louis Menand, “Karl Marx, Yesterday and Today.” *The New Yorker* , October 10, 2016).

163 . Leften Stavros Stavrianos, *Global Rift. The Third World Come of Age* . New York: William Morrow & Co. (1981), p. 492.

164 . Jane Degras (ed.), *The Communist International, 1919–1943: Documents. Volume 1: 1919–1922* . Oxford: Oxford University Press (1955), p. 18; Zak Cope, *Divided World Divided Class. Global Political Economy and the Stratification of Labour Under Capitalism* . Montreal: Kersplebedeb (2015), p. 77.

165 . Leon Trotsky, “Manifesto of the Communist International to the Workers of the World.” *The First Five Years of the Communist*

International, Volume 1 . London: New Park (1973), p. 32.

166 . V.I. Lenin, “Report of the Commission on the National and Colonial Questions.” In: Lenin (1972), *Collected Works, Volume 31* . Moscow: Progress Publishers (1965), p. 245.

167 . V.I. Lenin, “Report of the Commission on the National and Colonial Questions.” In: Lenin (1972), *Collected Works, Volume 31* . Moscow: Progress Publishers (1965), p. 261.

168 . H.W. Edwards, *Labour aristocracy: Massbase of Social Democracy* . Stockholm: Aurora (1978), p. 39.

169 . Rajani Palme Dutt, *India Today* . London: Left Book Club (1940), p. 497; Zak Cope, *Dimensions of Prejudice: Towards a Political Economy of Bigotry* . Bern, Switzerland: Peter Lang (2008), p. 256. Rajani Palme Dutt was a leading member of the Communist Party of Great Britain and author of the book *World Politics 1918–36* , which uses the term “unequal exchange”: “The essence of the relation of the colonies and imperialism is *inequality* . The colonial people are compelled, by a whole series of devises and regulations, depriving them of their land, hut taxes, poll taxes etc., to labour and produce the raw materials for prices, which leave them on a starvation level. The prices of the goods, which are exported to the colonies, are on a high level. It is unequal exchange which is in fact maintained by armed forces, and which yields the high colonial super-profits to the capitalists of the ruling country. To this unequal exchange is added the direct tribute on the export of capital.” (Rajani Palme Dutt, *World Politics 1918–36* . New York: Random House (1936), p. 198)

170 . Quoted from Suliman Bashear, *Communism in the Arab East, 1918–28* . London: Ithaca Press (1980), p. 13.

171 . Suliman Bashear, *Communism in the Arab East, 1918–28* . London: Ithaca Press (1980), p. 14.

172 . Robert V. Daniels (ed.), *A Documentary History of Communism and the World. From Revolution to Collapse* . Third edition. Hanover: University Press of New England (1994), p. 33.

173 . Quoted from Niel Redfern, “The Comintern and Imperialism.” *Journal of Labor and Society* , vol. 20, no. 1 (March 2017), p. 45.

174 . R. Pipes (ed.), *The Unknown Lenin From the Secret Archives* . New Haven: Yale University Press (1996), p. 99.

175 . Frederik Petersson, *“We Are Neither Visionaries Nor Utopian Dreamers.” Willi Münzenberg, the League against Imperialism, and the Comintern, 1925–1933* . (Ph.D. thesis). Abo Akademi University, 2013. Published as vol. I-II, Lewiston: Queenston Press (2013), p. 28.

176 . V.I. Lenin, “Report of the Commission on the National and Colonial Questions.” In: Lenin (1972), *Collected Works, Volume 31* . Moscow: Progress Publishers (1965), pp. 213–263.

177 . Mirsaid Sultan-Galiev, “The Social Revolution and the East.” Originally published in *Žizn’ nacional’nostej* , vol. 38, no. 46. In: Bennigsen, Alexandre and S. Enders Wimbush (1979), *Muslim National Communism in the Soviet Union* . Chicago: University of Chicago Press (1979), p. 136.

178 . Alexandre Bennigsen, “Sultan Galiev: The USSR and the Colonial Revolution.” In: Laqueur, Walter (ed.) *The Middle East in Transition* . London: Routledge & Kegan (1958), p. 404.

179 . Glenn L. Roberts, *Commissar and Mullah: Soviet-Muslim Policy from 1917 to 1924* (Doctoral dissertation). Boca Raton, Florida, p. 39.

180 . Maurice Meisner, *Li Ta-chao and the Origins of Chinese Marxism* . New York: Atheneum (1970), p. 401.

181 . Matthieu Renault, “The Idea of Muslim National Communism: On Mirsaid Sultan-Galiev.” *Viewpoint Magazine* , March 23, 2015.

182 . Terry Martin, *The Affirmative Action Empire: Nations and Nationalism in the Soviet Union, 1923–1939* . New York: Cornell University Press (2001), p. 230.

183 . Quoted from Anthony Read, *The World on Fire: 1919 and the Battle with Bolshevism* . New York: Random House (2009), p. 180.

184 . Michael Weiner, “Comintern in East Asia, 1919–1939.” In: McDermott, Kevin and Jeremy Agnew (eds.) (1996) *The Comintern: A History of International Communism from Lenin to Stalin* . Basingstoke: Macmillan Press (1996), p. 162; Frederik Petersson, *“We Are Neither Visionaries Nor Utopian Dreamers.” Willi Münzenberg, the League against Imperialism, and the Comintern, 1925–1933* . (Ph.D. thesis). Abo Akademi University, 2013. Published as vol. I-II, Lewiston: Queenston Press (2013), p. 57.

185 . Anthony Cave Brown and Charles B. Macdonald, *On a Field of Red: The Communist International and the Coming of World War II* . New York: G.P. Putnam’s Sons (1981), p. 189.

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187 . V.I. Lenin, “Better Fewer, But Better.” In: Lenin (1965), *Collected Works, Volume 33* . Moscow: Progress Publishers (1965), pp. 487–502.

188 . Quoted from Jean Lacouture, *Ho Chi Minh: A Political Biography* . New York: Vintage (1968), p. 41.

189 . Hô Chí Minh, “The Path Which Led Me to Leninism. Originally published in the Soviet review: Problems of the East, on the occasion of the 90th anniversary of V.I. Lenin’s birthday, April, 1960.” In: *Selected Works of H* o *Chí Minh, Volume 4* . Hanoi: Foreign Languages Publishing House, 1962.

190 . Quoted from Frederik Petersson, “Imperialism and the Comintern.” *Journal of Labor and Society* , vol. 20, no. 1 (March 2017), p. 34.

191 . Frederik Petersson, *“We Are Neither Visionaries Nor Utopian Dreamers.” Willi Münzenberg, the League against Imperialism, and the Comintern, 1925–1933* . (Ph.D. thesis). Abo Akademi University, 2013. Published as vol. I-II, Lewiston: Queenston Press (2013), p. 136.

192 . Frederik Petersson, *“We Are Neither Visionaries Nor Utopian Dreamers.” Willi Münzenberg, the League against Imperialism, and the*

Comintern, 1925–1933 . (Ph.D. thesis). Abo Akademi University, 2013. Published as vol. I-II, Lewiston: Queenston Press (2013), p. 137.

193 . Jawaharlal Nehru, *An Autobiography with musings on recent events in India* . London: The Bodley Head (1955), p. 139.

194 . Walter J. Duiker , *H* o *Chí Minh: A Life* . New York: Hyperion (2000), pp. 148–149; Frederik Petersson, *"We Are Neither Visionaries Nor Utopian Dreamers." Willi Münzenberg, the League against Imperialism, and the Comintern, 1925–1933* . (Ph.D. thesis). Abo Akademi University, 2013. Published as vol. I-II, Lewiston: Queenston Press (2013), p. 205.

195 . Jane Degras (ed.), *The Communist International, 1919–1943: Documents. Volume 2: 1923–1928* . Oxford: Oxford University Press (1960), p. 247.

196 . Palmiro Togliatti, "Social Democracy and the Colonial Question." *International Press Correspondence* , no. 68 (October 4, 1928), pp. 1234–1243. When Togliatti became attorney general in 1946, he insisted that Eritrea, Libya, and Somalia should remain Italian colonies. He argued that the Italian coalition government now was no longer imperialist but a "people's government," and that the Italian proletariat would lead the colonies to independence. (Hosea Jaffe, *Progress and Nationality* . Milan: Jaca Books (1990), p. 55)

197 . H.W. Edwards, *Labour aristocracy: Massbase of Social Democracy* . Stockholm: Aurora (1978), p. 39.

198 . Palmiro Togliatti, "Social Democracy and the Colonial Question." *International Press Correspondence* , no. 68 (October 4, 1928), pp. 1234–1243.

199 . Quoted from Jane Degras (ed.), *The Communist International, 1919–1943: Documents. Volume 2: 1923–1928* . Oxford: Oxford University Press (1960), pp. 526–548.

200 . Jane Degras (ed.), *The Communist International, 1919–1943: Documents. Volume 2: 1923–1928* . Oxford: Oxford University Press (1960), pp. 526, 537–547; see also Frederik Petersson, *"We Are Neither Visionaries Nor Utopian Dreamers." Willi Münzenberg, the League against*

Imperialism, and the Comintern, 1925–1933 . (Ph.D. thesis). Abo Akademi University, 2013. Published as vol. I-II, Lewiston: Queenston Press (2013), p. 253.

201 . According to Arnot, the Communist Party of Great Britain should carry out the "ideological strengthening of the Party," a process that "will … take some time and much vigilance to weed out the right-wing tendencies." The CPGB was at the time "plagued by internal conflict and … political stupefaction." (Matthew Worley, *Class Against Class: The Communist Party in Britain between the Wars.* London: I.B. Tauris (2002), p. 116; see also Frederik Petersson, *"We Are Neither Visionaries Nor Utopian Dreamers." Willi Münzenberg, the League against Imperialism, and the Comintern, 1925–1933* . (Ph.D. thesis). Abo Akademi University, 2013. Published as vol. I-II, Lewiston: Queenston Press (2013), p. 257)

202 . Walter J. Duiker), *H* o *Chí Minh: A Life* . New York: Hyperion (2000), pp. 148–150.

203 . Quoted from Frederik Petersson, *"We Are Neither Visionaries Nor Utopian Dreamers." Willi Münzenberg, the League against Imperialism, and the Comintern, 1925–1933* . (Ph.D. thesis). Abo Akademi University, 2013. Published as vol. I-II, Lewiston: Queenston Press (2013), p. 258.

204 . Quoted from Frederik Petersson, *"We Are Neither Visionaries Nor Utopian Dreamers." Willi Münzenberg, the League against Imperialism, and the Comintern, 1925–1933* . (Ph.D. thesis). Abo Akademi University, 2013. Published as vol. I-II, Lewiston: Queenston Press (2013), pp. 264–265.

205 . Frederik Petersson, *"We Are Neither Visionaries Nor Utopian Dreamers." Willi Münzenberg, the League against Imperialism, and the Comintern, 1925–1933* . (Ph.D. thesis). Abo Akademi University, 2013. Published as vol. I-II, Lewiston: Queenston Press (2013), p. 265.

206 . Fritz Sternberg, *Der Faschismus an der Macht* . Amsterdam: Contact (1935), p. 91.

207 . Donna Harsch, *German Social Democracy and the Rise of Nazism* . North Carolina: University of North Carolina Press (1993), p. 225.

208 . Donna Harsch, *German Social Democracy and the Rise of Nazism* . North Carolina: University of North Carolina Press (1993), p. 236.

209 . Michael Burleigh and Wolfgang Wippermann, *The Racial State: Germany 1933–1945.* Cambridge: Cambridge University Press (1991), p. 294.

210 . Ivo Banac, *The Diary of Georgi Dimitrov, 1933–1949* . CT: Yale University Press, 2003: 13. Here from Redfern, Niel (2017), "The Comintern and Imperialism." *Journal of Labor and Society* , vol. 20, no. 1 (March 2017), p. 13.

211 . Georgi Dimitrov, *Report to the 7th Congress Communist International 1935. For the Unity of the Working Class against Fascism.* London: Red Star Press (1973), p. 59.

212 . Georgi Dmitrov, *The United Front* . Chicago: Proletarian Publishers (1975), pp. 11, 36, 79, 82.

213 . Quoted from Niel Redfern, "The Comintern and Imperialism." *Journal of Labor and Society* , vol. 20, no. 1 (March 2017), p. 50.

214 . Niel Redfern, "The Comintern and Imperialism." *Journal of Labor and Society* , vol. 20, no. 1 (March 2017), p. 51.

215 . Jane Degras (ed.), *The Communist International, 1919–1943: Documents. Volume 3, 1929–43* . Oxford: Oxford University Press (1964), p. 390.

216 . Niel Redfern, "The Comintern and Imperialism." *Journal of Labor and Society* , vol. 20, no. 1 (March 2017), p. 53.

217 . Niel Redfern, "The Comintern and Imperialism." *Journal of Labor and Society* , vol. 20, no. 1 (March 2017), p. 53.

218 . Ivo Banac, *The Diary of Georgi Dimitrov, 1933–1949* . CT: Yale University Press, 2003: 13. Here from Redfern, Niel (2017), "The Comintern and Imperialism." *Journal of Labor and Society* , vol. 20, no. 1 (March 2017), p. 276.

219 . Mao Tse-tung, "The Situation and our Policy after the Victory in the War of Resistance against Japan." In: *Selected Works of Mao Tse-tung,*

Volume IV . Peking: Foreign Languages Press (1969), p. 11. According to the Yugoslav communist Milovan Djilas, Stalin told him in 1948 that “when the war with Japan ended we invited the Chinese comrades [to reach] a modus vivendi,” but “it has been shown that they were right, and we were not.” (Milovan Djilas, *Conversations with Stalin.* London: Penguin (1963), p. 141).

220 . Quoted from Niel Redfern, “The Comintern and Imperialism.” *Journal of Labor and Society* , vol. 20, no. 1 (March 2017), p. 54.

221 . Niel Redfern, “The Comintern and Imperialism.” *Journal of Labor and Society* , vol. 20, no. 1 (March 2017), p. 54.

222 . Niel Redfern, “The Comintern and Imperialism.” *Journal of Labor and Society* , vol. 20, no. 1 (March 2017), p. 55.

223 . Milovan Djilas, *Conversations with Stalin.* London: Penguin (1963), p. 141.

224 . Niel Redfern, “The Comintern and Imperialism.” *Journal of Labor and Society* , vol. 20, no. 1 (March 2017), p. 56.

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226 . Bruno Rauecker, *Social Policy in the New Germany* . Leipzig: A. Pries, 1937.

227 . J. Sakai, *The Green Nazi: An Investigation Into Fascist Ecology* . Montreal: Kersplebedeb, 2002.

228 . Adam Tooze, *The Wages of Destruction: The Making and Breaking of the Nazi Economy* . London: Allen Lane (2006), p. 529.

229 . Aimé Césaire, *Discourse on Colonialism.* New York: Monthly Review Press (2000), p. 164.

230 . W.E.B. Du Bois, *Black Reconstruction in America, 1860–1880.* New York: Atheneum (1962), p. 30.

231 . George Padmore, “Fascism Invades West Africa.” *The Crisis* , no. 10 (October 1939), p. 297.

232 . Historian Eric Hobsbawm wrote an excellent article about Lenin's contribution to imperialism theory in 1970, titled "Lenin and the 'Aristocracy of Labor'" (Eric J. Hobsbawm, "Lenin and the Aristocracy of Labor." *Monthly Review* , vol. 64, no. 7 (December 2012)).

233 . Ruth Schwartz Cowan, *More Work for Mother.* New York: Basic Books (1983), pp. 136–138.

234 . Steven Watts, *The People's Tycoon: Henry Ford and the American Century* . New York: Random House (2005), p. 119.

235 . Henry Ford, *My Life and Work* . New York: Arno Press (1973), pp. 124–125.

236 . J.V. Stalin, "Interview with the first American Labour Delegation. September 9, 1927 Pravda, no. 210, September 15, 1927." *Collected Works, Volume 10* . Moscow: Foreign Languages Publishing House (1954), pp. 97–158. By the "Amsterdam International," Brophy means the social democratic International Federation of Trade Unions (1919–1945).

237 . D. Hounshel, *From the American System to Mass Production, 1800–1932* . Baltimore: Johns Hopkins University Press (1985), p. 307.

238 . Jens-Uwe Guettel, "The US Frontier as Rationale for the Nazi East? Settler Colonialism and Genocide in Nazi-Occupied Eastern Europe and the American West." *Journal of Genocide Research* , vol. 15, no. 4, pp. 401–419.

239 . Quoted from James Q. Whitman, "The American Influence on Nazi Race Law." Paper. Princeton University, p. 7.

240 . "All marriages between a white person and a negro, or between a white person and a person of negro descent, to the third generation, inclusive, or between a white person and a member of the Malay race or between a negro and a member of the Malay race, or between a person of negro descent, to the third generation, inclusive, and a member of the Malay race, or between a person of negro descent, to the third generation, inclusive, and a member of the Malay race or between a negro and a member of the Malay race, or between a person of negro descent, to the third generation, inclusive, and a member of the Malay race, are forever

prohibited, and shall be void; and any person violating the provisions of this Section shall be deemed guilty of an infamous crime, and be punished by imprisonment in the penitentiary for not less than eighteen months nor more than ten years." (Code of Maryland, quoted from James Q. Whitman, "The American Influence on Nazi Race Law." Paper. Princeton University, p. 22)

241 . James Q. Whitman, "The American Influence on Nazi Race Law." Paper. Princeton University, p. 23.

242 . James Q. Whitman, "The American Influence on Nazi Race Law." Paper. Princeton University, p. 23.

243 . József Böröcz, "Global Inequality in Redistribution: For A World-Historical Sociology of (Not) Caring." *Intersections: East European Journal of Society and Politics* , vol. 2, no. 2 (2016), pp. 79–80.

244 . Jack Woddis, "Africa and Mr. Wilson's Government." *African Review* , May 1965, p. 33.

245 . Jack Woddis, "Africa and Mr. Wilson's Government." *African Review* , May 1965, p. 194.

246 . Simone de Beauvoir, *Force of Circumstances* . London: Penguin (1962), pp. 339, 366.

247 . Peniel Joseph, "Muhammad Ali helped make black power into a global brand." *Not Even Past* .

248 . Jack Scott, *Yankee Unions, Go Home! How the AFL helped the U.S. build an empire in Latin America* . Vancouver: New Star Books (1978), p. 262.

249 . Jack Scott, *Yankee Unions, Go Home! How the AFL helped the U.S. build an empire in Latin America* . Vancouver: New Star Books (1978), p. 263.

250 . Jack Scott, *Yankee Unions, Go Home! How the AFL helped the U.S. build an empire in Latin America* . Vancouver: New Star Books (1978), p. 265.

251 . Jack Scott, *Yankee Unions, Go Home! How the AFL helped the U.S. build an empire in Latin America* . Vancouver: New Star Books (1978), p.

266.

252 . Michael D. Yates, “Workers of All Countries, Unite: Will This Include the U.S. Labor Movement?” *Monthly Review* , vol. 52, no. 3 (July–August 2000)..

253 . Kommunistisk Ungdomsforbund, KUF, “For fart på Vietnam: Ændring af krigsrisikotillæg.” *Ungkommunisten* , vol. 2, no. 4, p. 3.

254 . Harry S. Truman, “Inauguration Speech.” *Department of State Bulletin* , January 30 (1949), p. 123.

255 . Alfred Sauvy, “Trois Mondes, Une Planéte.” *L’Observateur* no. 118 (14 août, 1952), p. 14.

256 . Latin American countries were not represented, partly because most of them had become independent in previous centuries, and partly because they constituted “America’s backyard.”

257 . Samir Amin, “The Sovereign Popular Project: The Alternative to Liberal Globalization.” *Journal of Labor and Society* , vol. 20, no. 1 (March 2017), p. 12.

258 . Kwame Nkrumah, *Neo-Colonialism, The Last Stage of Imperialism* . London: Thomas Nelson & Sons, 1965.

259 . Kwame Nkrumah, *Neo-Colonialism, The Last Stage of Imperialism* . London: Thomas Nelson & Sons, 1965.

260 . Kwame Nkrumah, *Neo-Colonialism, The Last Stage of Imperialism* . London: Thomas Nelson & Sons, 1965.

261 . Kwame Nkrumah, *Neo-Colonialism, The Last Stage of Imperialism* . London: Thomas Nelson & Sons, 1965.

262 . Brian Kamanzi, “What can Ghana teach South Africa about neocolonialism?” *Al Jazeera* , April 10, 2017.

263 . Amilcar Cabral, *Revolution in Guinea, stage 1.* Condensed text of a seminar held in the Frantz Fanon Centre in Treviglio, Milan, from May 1 to 3 (1964), p. 35.

264 . Amilcar Cabral, *Revolution in Guinea, stage 1.* Condensed text of a seminar held in the Frantz Fanon Centre in Treviglio, Milan, from May 1 to 3 (1964), p. 48.

265 . Tom Meisenhelder, “Amilcar Cabral’s theory of class suicide and revolutionary socialism.”

266 . Amilcar Cabral, *The Weapon of Theory* . Address delivered to the first Tricontinental Conference of the Peoples of Asia, Africa and Latin America held in Havana in January 1966.

267 . Amilcar Cabral, *The Weapon of Theory* . Address delivered to the first Tricontinental Conference of the Peoples of Asia, Africa and Latin America held in Havana in January 1966, p. 38.

268 . Amilcar Cabral, *Revolution in Guinea, stage 1.* Condensed text of a seminar held in the Frantz Fanon Centre in Treviglio, Milan, from May 1 to 3 (1964), p. 58.

269 . Che Guevara, “Speech at the Second Economic Seminar of Afro-Asian Solidarity in Algiers 24.2.1965.” *The Che Guevara Reader* . New York: Ocean Press, 2005.

270 . Che Guevara, “Speech at the Second Economic Seminar of Afro-Asian Solidarity in Algiers 24.2.1965.” *The Che Guevara Reader* . New York: Ocean Press (2005), pp. 350–360.

271 . Julius K. Nyerere, “A Call to European Socialists (November 1972).” Julius K. Nyerere, *Freedom and Development: A Selection from Writings and Speeches, 1968–1973* . Dar es Salaam: Oxford University Press (1973), pp. 374–375.

272 . Dipa Nusantara Aidat, *Set Afire the Banteng Spirit! Ever Forward, No Retreat!* Peking: Foreign Language Press, 1964.

273 . Frantz Fanon, *Toward the African Revolution* . New York: Monthly Review Press (1967), p. 145.

274 . *Translator’s Note:* This is a literal translation of “reelt eksisterende socialisme,” which refers to the political systems of the Soviet Union and other self-proclaimed socialist countries during the Cold War era. In

accordance with the author, we are using it in this book instead of the more common but misleading expression “real socialism.”

275 . Keeanga-Yamahtta Taylor, *From #BlackLivesMatter to Black Liberation.* Chicago: Haymarket Books (2016), p. 61.

276 . Leonard Silk and David Vogel (1976), *Ethics and Profits: The Crisis of Confidence in American Business.* New York: Simon and Schuster (1976), p. 71.

277 . Kommunistisk Arbejdskreds, “Perspektiverne for vor kamp” (part 1). *Kommunistisk Orientering* , vol. 3, no. 3, p. 8.

278 . Kommunistisk Arbejdskreds, “Perspektiverne for vor kamp” (part 2). *Kommunistisk Orientering* , vol. 3, no. 4, pp. 6–7.

279 . Kommunistisk Arbejdskreds, “Perspektiverne for vor kamp” (part 3). *Kommunistisk Orientering* , vol. 3, no. 5, p. 8.

280 . *Tvind* is the informal name of a confederation of “travelling folk high schools” and humanitarian organizations founded in Denmark in 1970.

281 . Renmin Ribao, “Imperialism Feverishly Prepares Conditions for Its Own Doom.” *Peking Review* , vol. 11, no. 13, p. 23.

282 . Renmin Ribao, “Imperialism Feverishly Prepares Conditions for Its Own Doom.” *Peking Review* , vol. 11, no. 13, p. 30.

283 . Kommunistisk Arbejdskreds, “Letter to Embassy of the People’s Republic of China, Copenhagen.” 29. marts 1969. The letter has been uploaded to www.snylterstaten.dk.

284 . See Niels Jørgensen, Torkil Lauesen and Jan Weimann, “It Is All About Politics.” In: Gabriel Kuhn (ed.), *Turning Money Into Rebellion: The Unlikely Story of Denmark’s Revolutionary Bank Robbers* . Montreal and Oakland: Kersplebedeb and PM Press (2014), pp. 21–93.

285 . Throughout the 1970s Cleaver’s behavior and politics became increasingly strange. Charged with attempted murder, he jumped bail to flee to Cuba in late 1968. After a split in the party, he was expelled from the Black Panthers in 1971 and went to Algiers and later France, where he became a born again Christian; by the 1980s, he had become a conservative

Republican supporting Ronald Reagan. He became addicted to crack cocaine, fell into poor health, and died in 1998. He was 62 years old.

286 . Interview in *Ekstra Bladet* , March 30, 1970. *Translator's note:* The original transcript of the interview was not available. Cleaver's statement has therefore been re-translated into English from the Danish source.

287 . *Translator's note* : The original transcript of the talk was not available. Matthews's statement has therefore been re-translated into English from the Danish source.

288 . An obituary for Don Barnett was published in *Kommunistisk Orientering* , no. 5, 1975.

289 . The pamphlet was first printed in Havana, Cuba, in 1967, and then republished in *Monthly Review* , April 1968 (under the pseudonym J. Michael Dawn). In 1970, it was released as a pamphlet by the LSM in North America.

290 . Liberation Support Movement, *Principles of Liberation Support Movement's Anti-imperialist Work* . Vancouver: LSM Information Center, 1972.

291 . Some of the pamphlets are available at www.aluka.org. KAK published a selection in Danish in 1974.

292 . For a critical analysis of both the LSM and the Weather Underground, see E. Tani and Kaé Sera, *False Nationalism False Internationalism* . Chicago: Seeds beneath the Snow, 1985.

293 . Quoted from Harold Jacobs (ed.), *Weatherman* . New York: Ramparts Press, 1970.

294 . Harold Jacobs (ed.), *Weatherman* . New York: Ramparts Press (1970), pp. 183–195.

295 . Carrol Ishee, "Critical Remarks on 'Prairie Fire'." *LSM News* , no. 2 (1975), p. 35.

296 . See Gabriel Kuhn (ed.), Turning Money Into Rebellion: The Unlikely Story of Denmark's Revolutionary Bank Robbers. Montreal and Oakland: Kersplebedeb and PM Press, 2014.

297 . Paul Sweezy and Leo Huberman (eds.), *Paul A. Baran (1910–1964): A Collective Portrait* . New York: Monthly Review Press (1965), p. 99.

298 . Paul Sweezy and Leo Huberman (eds.), *Paul A. Baran (1910–1964): A Collective Portrait* . New York: Monthly Review Press (1965), pp. 107–08.

299 . The terms “center” and “periphery” were first used in this context by Argentinean economist Raúl Prebisch, who is considered one of the founders of dependency theory.

300 . John Brolin, *The Bias of the World* (Ph.D. thesis). Lund University, p. 258.

301 . Private archive.

302 . In the introduction to *A Contribution to the Critique of Political Economy* , Marx wrote: “I examine the system of bourgeois economy in the following order: capital, landed property, wage-labour; the State, foreign trade, world market.” (Karl Marx, Preface. *A Contribution to the Critique of Political Economy* . Moscow: Progress Publishers, 1977.)

303 . Arghiri Emmanuel, *Unequal Exchange: A Study of the Imperialism of Trade* . New York & London: Monthly Review Press, 1972; Christopher Chase-Dunn, *Global Formation. Structures of the Global Economy* . Cambridge: Basil Blackwell (1989), p. 59.

304 . See Appendix I : Introduction to the Marxist Theory of Value.

305 . Arghiri Emmanuel, *Unequal Exchange: A Study of the Imperialism of Trade* . New York & London: Monthly Review Press (1972), pp. 180–181; see also Arghiri Emmanuel and Charles Bettleheim (1970), “International Solidarity of Workers: Two Views: The Delusions of Internationalism; Economic Inequality Between Nations and International Solidarity.” *Monthly Review* , vol. 22, no. 2 (June 1970), pp. 13–24.

306 . It was published in English in 1986: Manifest Communist Working Group, *Unequal Exchange and the Prospects for Socialism in a Divided World* . Publishing House Manifest. Copenhagen. Online: snylterstaten.dk

307 . I will return to calculations of unequal exchange in Chapter 6.

308 . Arghiri Emmanuel, “White Settler Colonialism and the Myth of Investment Imperialism.” *New Left Review* , no. 73, p. 56.

309 . Arghiri Emmanuel, “The Multinational Corporations and Inequality of Development.” *International Social Science Journal* , vol. 28, no. 4, pp. 761–762.

310 . Arghiri Emmanuel and Fidel Castro (1986), *Gældsat.* København: Forlaget Manifest, 1986.

311 . Emmanuel’s former colleague at the University of Paris, Claudio Jedlick, has archived Emmanuel’s library and papers.

312 . Che Guevara, “Speech delivered December 11, 1964, 19th General Assembly of the United Nations in New York.” *The Che Guevara Reader* . New York: Ocean Press, 2005.

313 . Che Guevara, “Speech at the Second Economic Seminar of Afro-Asian Solidarity in Algiers 24.2.1965.” *The Che Guevara Reader* . New York: Ocean Press, 2005.

314 . Fidel Castro, “Speech to the 34th UN General Assembly, October 12, 1979.” Source: LANIC Latin America Network Information Center, Castro speech database.

315 . Immanuel Wallerstein, *Historical Capitalism, with Capitalist Civilization* . London: Verso (1995), p. 32.

316 . Donald A. Clelland, “Surplus Drain Versus the Labor Theory of Value,” p. 1.

317 . Donald A. Clelland, “Surplus Drain and Dark Value in the Modern World-System.” In: Babones, Salvatore J. and Christopher Chase-Dunn (eds.), *Handbook of World-Systems Analysis* . London: Routledge (2012), pp. 203–4.

318 . Samir Amin, *The Law of Worldwide Value* . New York: Monthly Review Press, 2010.

319 . Samir Amin, *The Law of Worldwide Value* . New York: Monthly Review Press (2010), p. 92.

320 . Samir Amin, *The Law of Worldwide Value* . New York: Monthly Review Press (2010), p. 130.

321 . See Gabriel Kuhn (ed.), Turning Money Into Rebellion: The Unlikely Story of Denmark's Revolutionary Bank Robbers. Montreal and Oakland: Kersplebedeb and PM Press (2014), for a critical self-analysis of our own political practice.

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335 . This section was inspired by John Smith, *Imperialism & the Globalization of Production* (Ph.D. dissertation). Department of Politics, University of Sheffield, who credits the work of Ellen Meiksins Wood. She wrote in her book *Empire of Capital* : “We have yet to see a systematic theory of imperialism designed for a world in which all international relations are internal to capitalism and governed by capitalist imperatives. That, at least in part, is because a world of universal capitalism … is a very recent development.” (Ellen Meiksins Wood, *Empire of Capital* . London & New York: Verso, 2003)

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